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NEWS SUMMARY

GENERAL

Minister attacks 'foolish' recall

t. Shirley Williams, Educa- Secretary, arrived in Lon- and called the decision to all her from a visit to na "very foolish." She is ded to vote on the Govern- nt's dividend restraint asures.

he said: "My visit to China in the national interests, not the party's interests. It was great importance to the ntry."

Irs. Williams said that normal ring arrangements had been de before she left but a Con- vative whip had told her there ld be "some difficulty."

cott: Police isit Steel

. David Steel, Liberal leader, s interviewed at the House of mmons by police investigating Norman Scott affair. Mr. el had passed on to them a ter he received from Mr. Scott. Police are investigating an eged plot to kill Mr. Scott, o claims he had a homosexual ationship with Mr. Jeremy orpe, former Liberal leader. Thorpe has always denied claim. There is no suggestion any involvement on Mr. el's part.

ispute spreads

ench air traffic controllers will art a nationwide work-to-rule Friday, thus extending their spute in support of demands r better pay and conditions. til now, only controllers in uth and west France have been rking to rule. Back Page

srael hopeful

ael still believes that fresh ace talks can begin with Egypt rly next month in spite of iro's apparent retraction of an rlier statement saying Egypt uld attend talks hosted by Mr. rus Vance, U.S. Secretary of ate. Page 3

'rison charges

assistant governor and 12 son officers at Hull prison have en served with summonses leging conspiracy to assault isoners. Police action follows inquiry into a riot at the jail 1976.

ppeal to Tories

r. John Davies, Shadow oreign Secretary, is trying to nite the Tories over Rhodesia. e argued at a meeting of back- enchers that an internal party ow over sanctions would be ointless with Rhodesia facing conomic and military disaster. age 7. Rhodesia's deteriorating conomy Page 12

Disaster theory

he most likely cause of the aunton train fire disaster, in hich 11 people died, was that ags of linen stacked against a eater in a sleeping car caught re, a chief fire officer told the aunton inquiry.

ow Marx

wo Soviet teachers have been rrested for taking bribes from tudents. Teachers at a college n Tashkent are said to have een paid 55 roubles (about £42) give passes in a course on scientific communism."

Briefly . . .

President Tito of Yugoslavia has warned non-aligned countries about the dangers of Soviet and Cuban involvement in Africa.

Health Service cost £5.7bn a year —£123 per head of population.

The EEC has urged the U.S. to lift its arms embargo against Turkey.

John P. Mackintosh, Labour MP for Berwick and East Lothian, is "seriously ill" with a respiratory illness.

Armed forces recruitment for the first four months of the year shows a net loss of nearly 5,000.

Portugal's top security jail, from which 124 men escaped recently, is to be closed for improvements.

BUSINESS

Yen still strong; sugar price dips

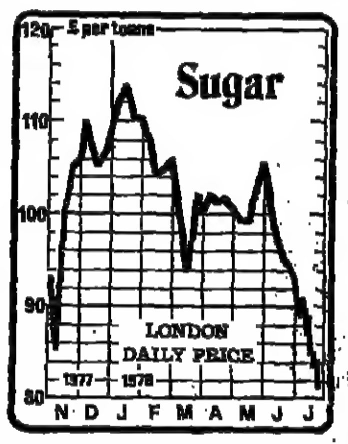
● *EQUITY interest centred on* secondary stocks and potential takeovers an dthe number of bargains marked was the *highest* since May. The *FT* ordinary index rose 1.5 to 485.4.

● GILTS reacted to intervention by the Government broker, and the Government Securities index fell 0.08 to 71.07. INVESTMENT CURRENCY *rates* continued to fall, and the rate closed 3½ *points down at* 99¼.

● STERLING *fell 10 points to* $1.9265 and its trade-weighted *index fell to* 62.8 (63.0). The dollar improved against most currencies except the yen where it touched record low, and its depreciation widened to 8.6 per cent (8.4). Back Page

● GOLD fell $¼ to $194¾ in London.

● SUGAR *prices* were *forced* down to the lowest level for five years with the London Daily Price at £81 a tonne. The U.S.



is to impose a special duty on *imports from the EEC following* reports that the Community is subsidising sugar exports to the U.S. Page 21.

● WALL STREET was 2.34 up at 833.94 just before the close.

● STANDARD LIFE, *the largest* mutual life company in the EEC is transferring its Canadian business to Manufacturers' Life Insurance in a C$1.5bn deal. Back and Page 5

● COMMERCIAL users may face increases in water charges out of proportion to the services they receive under rationalisation of charges by regional water authorities, a National Water Council report has warned. Page 4

● EEC has been urged to clamp down on steel exports from Comecon countries. Page 2

● HOLLAND *is to raise* its bank rate by ½ per cent to 4½ per cent today.

● *GENERAL MOTORS* is allocating another £5m to its UK motor *components manufacturing business*. Page 5

LABOUR

● NUPE and the General and Municipal Workers' Union have both expressed opposition to the Government's proposed 5 per cent general wage limit for Phase Four. Page 6

● TGWU has pledged itself to work to secure an end to casual labour in cargo handling, following the Government's defeat in the Commons over the Dock Labour Scheme. Page 6

COMPANIES

● DAVY INTERNATIONAL second half profit of £16.9m (£11.49m) brought pre-tax profits for the year to March 31 to a record £25.29m (£18.78m). Page 14 and Lex

● NATIONAL WESTMINSTER Bank announced *first half* pre-tax profits of £108.6m after increased volume and a technical reduction in provisions against bad debts had enabled the bank to offset increased costs and eroded margins. Back, Page 14 and Lex.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 15¼pc '98 ...	£123¼	+ ¼
Bambers Stores	107	+ 16
Barratt Devs.	106	+ 5
Bibby (J.)	248	+ 9
Blue Circle	260	+ 7
Bourne Hollingsworth	200	+ 85
Comben Group	37	+ 3
Combined Eng. Stores	104	+ 3
Glaxo	589	+ 9
Grant Bros.	90	+ 8
Harris (Philip)	85	+ 13
Leigh Interests	170	+ 10
ML Hldgs.	188	+ 6
Macarthys Pharm.	94	+ 7
Magnet & Southerns	206	+ 9
Mills and Allen	188	+ 8
Moss Bros.	123	+ 5
Perry (H.)	122	+ 9
Rowntree Mackintosh	403	+ 8
Siebe Gorman	190	+ 10
Taylor Woodrow	374	+ 8
Tunnel B	298	+ 10
Wallis	197	+ 12
Ward and Goldstone	89	+ 4
Waring and Gillow	117	+ 4
Whitehouse (G.)	95	+ 8
LASMO "Ops"	350	+ 15
Guthrie	373	+ 10
Jitra	103	+ 8

FALLS

Boustead	54	− 6
Davy Intnl.	262	− 8
English Property	37	− 9
Ingram (H.)	33½	− 4½
NatWest	273	− 5
Buffels	986	− 39
De Beers Dfd.	384	− 10
President Steyn	823	− 52
St. Helena	870	− 44
Vaal Reefs	£15½	− ¼
West Drie.	£22½	− ¼

Tories shaken by fierce Callaghan attack on Thatcher

BY PHILIP RAWSTORNE

Mr. James Callaghan yesterday effectively opened his pre-election campaign with a scathing attack on Mrs. Margaret Thatcher's leadership of the Tory party.

Cheered on by jubilant Labour MPs in the Commons, the Prime Minister struck hard at the Tory leader's *"policies of prejudice."*

Mrs. Thatcher responded with a *nervous and faltering* speech that failed to revive the Tories' confidence.

Morale visibly slumped among Tory back benchers. The *thin* Tory applause was drowned by derisive Labour *cries of "More! More!"* as Mrs. Thatcher finally sat down.

Tory MPs later admitted that the Prime Minister had successfully seized the political initiative and that the debate on pay policy had been a disastrous rehearson for Mrs. Thatcher's General Election campaign.

Mr. Callaghan contrasted the firmness of the Government's counter-inflation policy with the uncertainties of the Tory approach.

"There is no Opposition policy worthy of the name" he asserted. "There is only one occasion on which it speaks in unison—that is on a pay grienvance from which it hopes to extract some party advantage."

Mrs. Thatcher's style of leadership was to "find a rolling bandwagon and jump on it as soon as possible."

She had "insulted the intelligence of the British people with one *sentence* solutions to deep-seated problems."

Pointing to Mrs. Thatcher's stand on immigration and other issues, he concluded: "Prejudice and dislike is no substitute for policy."

In the same aggressive mood the Prime Minister dismissed the *"faint hearts"* who predicted that the Government's Phase Four pay policy would not work.

The White Paper was the *answer to those who said that* inflation would be back in double figures next year. *The Government* believed it had a duty to *indicate guidelines for pay and* 5 per cent was the figure most *likely to maintain living* standards and help employment.

Dividends

The Government would continue to use its discretionary powers to support the policy. The number of cases in which action had been necessary in the past year had been infinitesimal compared with the number of settlements within the guidelines, but it had operated as a deterrent.

The Government was equally determined to introduce its dividend control Bill. "It would be quite wrong when we are asking working people to exercise moderation on pay in the year ahead to fail to do everything in our power tto ensure that moderation is exercised in dividend payments."

Mrs. Thatcher, struggling to regain political ground, hit back by attacking the Government's black-listing of companies which failed to observe the guidelines as "White Paper law by dictat, arbitrary and secret."

Mrs. Thatcher said that the proposed dividend controls would hit members of pension funds and holders of insurance policies the hardest.

She condemned the 5 per cent guidelines as too rigid. It could not take account of varying conditions on the shop floor or in company profits and did not provide enough flexibility to restore differentials.

"I don't think we shall get the increased production and prosperity *which we all want by this* move."

Mrs. Thatcher, without spelling out the details, called for *"responsible and realistic* collective bargaining, cuts in taxation *and rewards for skill and* enterprise.

"The choice is between liberty and collectivism," she declared. *Labour's economic record had* been born of envy and hostility. *"The long drab period is hope*fully being brought to an end. A new Government and new opportunity cannot come too soon."

Parliament Page 7

Ezra warning as coal board surplus falls £6m

BY JOHN LLOYD AND ROBIN REEVES

THE National Coal Board showed a *surplus* of £20.4m for the year ending in March, down £6.8m on the previous year. Sir Derek Ezra, chairman, gave a warning of increasing difficulty for the industry's financial *prospects while the improvements in* productivity expected from the incentive bonus scheme remained disappointingly low.

The trading profit was £108.7m compared with £109.8m last year. *Much of the decrease in the net* profit was because of increased *interest charges.*

The board failed to meet its *target of* being 50 per cent self-financing by a wide margin. It has retained £126.6m for growth, which is only 37.5 per cent of *its total capital* expenditure of £334m. This compares with a level of 44 per cent last year.

The area showing by far the heaviest loss was south Wales, with a deficit of £27m, almost *double last year's* loss. Mr. Philip Weekes, area director, said this could *force further pit* closures.

Sir Derek said the industry faced a "demanding task in maintaining viability." Capital investment still would continue to increase. Next year's level would be about £450m.

Domestic coal prices would rise by 15 per cent from November *will lead to expansion and greate* after 13 months of stability.

Sales of coal to the board's largest customer, the electricity boards, stood at a record level of 75.7m tonnes, coalburn in power stations—which includes foreign and other coal—was at the record level of 77.7m tonnes. However, in the second half of the year, the burn decreased because of a reduction in coal's price advantage over oil, a slowdown in the rate of electricity growth and unofficial industrial action in a number of coal-fired power stations.

After the agreement in March to limit the price increase in power station coal to 10 per cent, the board agreed in principle with the Central Electricity Generating Board that it would take 72m tonnes over the current year, bringing the total sales to the generating board and the Scottish board to more than 80m tonnes.

Sir Derek said that amicable discussions with the generating board and the Government were going on aimed at securing a higher level of coal-burn, since much of the increased tonnage was being put to stock.

● *Michael Lafferty adds: The* coal board has not complied with *the Hyde Inflation accounting* guidelines in its latest annual *report on the grounds that they* are only interim proposals.

This policy conflicts with action at British Steel Corporation, *which published the supple*mentary Hyde figures, and also *differs* from the *controversial* method followed by British Gas *Corporation* and the Post Office in their main accounts.

Both of these organisations reduced their historic cost profits by making supplementary depreciation charges to compensate *for the effects of inflation.*

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English Property ends bid talks

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

BID TALKS for Britain's second largest property group *have* broken down. At a Board meeting yesterday English Property Corporation's directors finally abandoned the *two-month long* takeover negotiations with the Dutch property group NV Beleggingsmatschappij Wereldhave.

In a *statement* issued yesterday Samuel Montague, English Property's *advisors*, said the negotiations had now been *ended*.

During the course of the last *two months* the Board of EPC . . . have carefully considered a *number of* different proposals all or which, in the unanimous *opinion* of the Board and its advisers, have in the event *proved* either insufficient in amount or unsatisfactorily in *form*," Montague said.

English Property's shares, *which have followed the course* of bid rumours in recent weeks *to a new "high" for the year of* 51p, fell 9p to 37p on the news.

Mr. *David Llewellyn*, the corporation's chief executive, said that after eight weeks talks, "we had got to call a halt."

Now that the talks were over, the close investigation of the *group's £702m portfolio carried* out during the negotiations had *reaffirmed* the Board's confidence in the *future*. The group was now back to business as usual.

The unsuccessful bidder had never been named during the discussions.

But Wereldhave, backed by the financial muscle of one of Holland's top two banks, Algemene Bank Netherland NV, and advised by Morgan Grenfell, is known to have been English *Property's suitor, offering* at various times a range of part *cash, part sterling-guilder con*vertible stocks for the British *group*.

In a separate statement issued *shortly* before English Property's announcement the group's major shareholder, Eagle Star Insurance, commented that reports, "regarding a division of opinion within the Eagle Star Board over English Property's bid negotiations are misleading and totally untrue."

Both companies denied market suggestions of a rift over future policy at English Property and over the question of any management changes at the group following the breakdown of the bid talks.

News Analysis Page 16

Navy will free blacked submarine

By Philip Bassett, Labour Staff

THE ROYAL NAVY will today *break* the blacking by industrial civil servants of the *Polaris submarine* HMS Revenge, which has been unable to leave its Clydeside base because of industrial action over a Phase Three pay claim.

Mr. Fred Mulley, Secretary for *Defence*, announcing the move yesterday in the Commons, said the dockyard would be closed "temporarily in the interests of safety" to all but specialist staff from today until the submarine is loaded.

Workers at the Faslane submarine base on the Clyde, who regard the move as a lock-out by the Government, voted to hold a 24-hour sit-in if the navy tried to take the Revenge to sea. Earlier workers at three submarine bases rejected an official attempt by the Transport and General Workers' Union to end the blacking.

Mr. Mulley spoke of his hopes for an early settlement to the dispute but assured the Commons that there had been no impact on essential defence.

Mr. Mick Martin, TGWU public services' national secretary, who said on Monday that any attempt to free the Revenge or the submarines at Rosyth, the Repulse and the Renown, would be resisted and might lead to "serious escalation" of the industrial action, appealed to the 2,000 dockyard workers on the Clyde *to lift* the blacking.

Workers at Rosyth gave a warning yesterday that the Navy could not *free the* Repulse and Renown without civilian help. *They* would get that help only if the national pay claim of the industrial civil servants was satisfied.

Industrial civil servants in London held a day of action yesterday, including half-day and one-day strikes, as part of their campaign against the Government's 10 per cent pay offer.

Drivers of ministerial cars held their strike until midnight last night. The Prime Minister was driven to the Commons by an aide after two of his personal drivers took their cars back to the government car compound.

Pickets were held outside the House of Commons and Whitehall ministries, and 4,000-5,000 staff, including Whitehall messengers and doormen, Commons and British Museum workers, struck.

Parliament Page 7

$ In New York

—	July 25	Previous
Spot	$1.9284-9294	$1.9155-9165
1 month	0.51-0.46 dis	0.53-0.48 dis
3 months	1.14-1.07 dis	1.26-1.21 dis
12 months	4.40-4.20 dis	4.85-4.75 dis

U.S. growth will slow OECD says

BY ROBERT MAUTHNER PARIS, July 25.

A MARKED deceleration in economic growth in the U.S. over the next 12 months and a sharp increase in inflationary pressures are forecast by the 24-nation Organisation for Economic Co-operation and Development in its annual report on the U.S. economy.

The OECD Secretariat considers that the slow-down in growth might be significantly more pronounced than envisaged by the U.S. Administration. Given current policies, it predicts that real gross national product will grow by no more than 3 per cent annually in the first half of 1979 after rising by about 3.6 per cent between the first quarter of 1977 and the first quarter of this year.

The report notes that after *growth in the second quarter of* this year the U.S. economy is likely to lose much cyclical momentum. The boom in *consumer durables and home build*ing appears to have reached its *peak and is likely to diminish.* Official policy is unlikely to provide much stimulus over the next 12 months.

Tax cuts proposed for the financial year 1979 will not fully *offset the effects of declining tax* refunds in the second half of *the current year, fiscal drag and* higher social security rates. *Public spending is expected to* be reduced.

While recognising the world impact of deceleration in U.S. *economic expansion, the OECD* Secretariat considers that slower growth has become desirable. Priority must henceforth be given to fighting inflation in the U.S.

The high inflation rate is restricting the country's economic recovery. Its reduction is essential in view of the key role played by the dollar in the international monetary system.

The OECD suggests a longer-term anti-inflationary strategy than at present. Permanent machinery for consultation between the Government and all sides of industry might contribute usefully to *reducing pressures for big wage claims*, it says. Fiscal measures to support such a programme might also be *important*.

A slower growth rate is also desirable *as a means of reducing* the U.S.'s large trade and current-account deficits. *The secretariat predicts that the trade deficit will widen to $36bn in* 1978 but should improve in the first half of 1979.

The report emphasises that the *future stability of the dollar will depend heavily on reducing the* payments deficit. The most important *contribution the U.S. can* make is the early enactment of *President Carter's energy plan.*

Returning to one of its *favourite themes, the OECD also* emphasises that countries with *strong payments positions* and comparatively low inflation rates *might make an important* contribution to overcoming the difficulties of the U.S. and world economies.

Clearly referring to West Germany and Japan, the report calls upon those countries to stimulate domestic demand, which would not only help the U.S. to reduce its payments deficit and lead to greater stability on the exchange markets but ease protectionist pressures.

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Dollar again falls Back Page

Banking Bill to provide protection for depositors

BY MICHAEL BLANDEN

DEPOSITORS with banks and other institutions will be given new protection against banking failures under legislation detailed by the Government yesterday.

Proposals published in the form of a draft Bill are aimed to tighten the supervision of the banking system in the wake of the 1973-74 fringe bank crisis and to meet the UK's commitments under Common Market directives.

They will for the first time in this country introduce a system of licensing for all deposit-taking institutions. The proposals will confirm the position of the Bank of England as the supervisory authority and give a statutory basis for the extension of its regulations.

The Bill will also create a deposit protection fund initially totalling between £5m and £6m. This will be raised by contributions from banks and deposit-taking institutions related to the size of their deposits, with a minimum contribution of £5,000 and a maximum of £300,000.

The fund, which can be increased further, will give protection to depositors caught up in a crash. The protection would be limited under the proposals

Continued on Back Page
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FEATURES

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EUROPEAN NEWS

Call to curb Comecon steel sales

BY GILES MERRITT

BRUSSELS, July 25.

THE EUROPEAN Commission should clamp down within the next two weeks on Comecon countries' steel exports that are finding their way onto the UK market via other Common Market countries, according to Mr. Frank Judd, Minister of State at the Foreign and Commonwealth Office.

Mr. Judd raised the issue of mounting Eastern European steel sales at today's session of the EEC Foreign Ministers' Council and has received an assurance that the Brussels Commission is prepared to act promptly to stem the Comecon exports if necessary.

Viscount Etienne Davignon, the Industry Commissioner, told the meeting that if it were found to be necessary, the Commission would intervene during August. It is understood that the Comecon countries concerned include Czechoslovakia, Hungary, Poland and Roumania.

Mr. Judd also complained of the "ridiculously uneconomic prices" at which special steels are currently being dumped inside the UK, and stated that the Sheffield industry is therefore now working at about one-third capacity.

But those countries that are allegedly swamping the UK special steels industry were not identified and it appears that Mr. Judd received a much less positive reaction on the matter than he did on that of Comecon exports.

The underlying problem of over-capacity in the European and world steel industries nevertheless dominated today's discussions on steel. In what is being interpreted as an attempt to strengthen the Davignon Plan for rationalisation of EEC steel production, following the setback it suffered in mid-June, today's meeting discussed terms for restructuring the European steel industries.

Production cutbacks, closures of uneconomical plants, and a framework of financial and social support are to be further examined at the next Foreign Ministers' Council on September 19.

Viscount Davignon has made it clear that the Council must decide before the end of this year on a programme of short-term measures for 1979, and that those measures should be only the first step in a more sweeping restructuring plan.

To reinforce his case for a broadening of his original plan on production quotas and price controls, Viscount Davignon's officials have now issued a stern warning on the steady worsening of the over-capacity crisis in the steel sector.

In an update of its forecasts on steel supply and demand, the Commission states that the twin problems of over-capacity and sluggish demand presently hitting steel producers "will become more acute" during the next five years.

Describing as "essential" the need to shut down more uncompetitive plants, the report points out that during 1978-82, scheduled increases in EEC members' capacity for crude steel, light sections, cold reduced sheet and hot rolled coils, total 16.5m tonnes, while only in heavy rolled sections will there be a cutback of 3.4m tonnes.

In all, the report foresees a steady worsening of the surplus capacity for crude steel and rolled products.

Chinese Vice-Premier for Malta talks

By Godfrey Grima

A HIGH-POWERED Chinese mission led by Vice-Premier Keng Piao is scheduled to visit Malta at the end of the month. The delegation will review Sino-Maltese relations with Maltese Premier Dom Mintoff and leading Malta Government officials during its five-day stay.

Malta's warm relations with China were inaugurated by Premier Dom Mintoff in 1972 when China gave Malta a £M17m loan. This is financing a number of industrial schemes and the building of a 300,000 ton ship repair dock at Malta dry docks. Recently Mr. Mintoff told parliament that more than £M6m of the loan had been utilised.

Today's announcement of the forthcoming visit came while the island's opposition leader, Dr. Eddie Fenech Adami, is on his way to China as guest of that country's Institute for Foreign Affairs for a two-week visit.

● The Malta Government denied today that it had ordered British journalist Mr. Christopher Elliot off the island because of the harm his contributions to a Dutch magazine had caused the island.

The claim that Mr. Elliot was being deported because of his persistent "anti-Maltese" contributions to a magazine called NATO's Fifteen Countries, was made yesterday by pro-Government newspapers.

In an official statement it was claimed that Mr. Elliot was yesterday put on a Manchester-bound plane because of the "false pretences" in his passport, which gave his profession as salesman instead of journalist.

W. German housing demand rise

BY GUY HAWTIN

FRANKFURT, July 25

THERE HAS been a large rise in local authority permits for house construction in West Germany during the first four months of the year. This is in line with recent reports of a substantial rise in the demand for owner-occupied housing in the Federal Republic during the first half of 1978.

Figures published today by the central association of house, apartment and development land owners, show that in the opening four months of 1978 local authorities issued planning permission for 116,821 homes, 15.3 per cent more than in the same period of 1977.

The association, which represents landlords and property developers, points out that although this year's figures are considerably better than last year's, they are still well below the 128,984 homes given the go-ahead in the January to April period of 1976.

Furthermore, the association states that while planning permits for multi-occupancy housing units are up 26 per cent on the comparable figures for 1977, they also failed to reach the 1976 level. From the current figures it concludes that there is no real evidence that there is a sustained upturn in housing construction.

However, the association, it must be stated, has an axe to grind in that it is opposed to recent rent legislation which has substantially reduced the advantages that the landlord has had over the tenant in the private rented sector.

It has argued that the new legislation has substantially reduced the incentive for developers to build homes for rent.

Many observers here feel that the argument holds a fair amount of water in that competition in the private rented sector has been strong. This has tended to keep rents in all but a few areas down to reasonable levels and, at the same time, curtailed the ability of landlords to exercise their rights in an unreasonable manner.

The fear is that the new legislation could act as a strong disincentive for the private developer, thereby creating a "sellers market" to the detriment of the tenant.

Dublin rejects gloomy forecast

BY OUR OWN CORRESPONDENT

DUBLIN, July 25.

IRISH GOVERNMENT officials have rejected what they regard as the pessimistic assumptions underlying an economic report, which suggests a sharp rise in Irish inflation and a fall in growth rate in 1979.

The projections come in the quarterly commentary of the independent Economic and Social Research Institute (ESRI), which has clashed on previous occasions with Government projections for the economy.

The report suggests inflation will rise from 9 per cent this year—itself 2 per cent above Government predictions—to an annual rate of 12 per cent next year while growth rate will fall to 3.5 per cent from 5.75 per cent this year.

But Mr. Brendan McDonald, economic adviser to the Minister for Economic Planning, has said the assumptions behind the report are unduly pessimistic and that it is too early to predict the 1979 performance with any accuracy.

The most interesting of the ESRI assumptions is that sterling will decline against other currencies, perhaps to $1.75 and that this will increase Irish inflation. But, even if one accepts the assumption, the new scheme for linking European currencies holds out the possibility of the Irish pound breaking free from sterling and remaining more stable.

Government sources also believe that the report is too pessimistic about prospects for world trade in 1979 and that the Bremen and Bonn summits will produce real improvements, which will help keep Irish growth rates closer to the present 7 per cent.

Tito warns non-aligned of threat in Africa

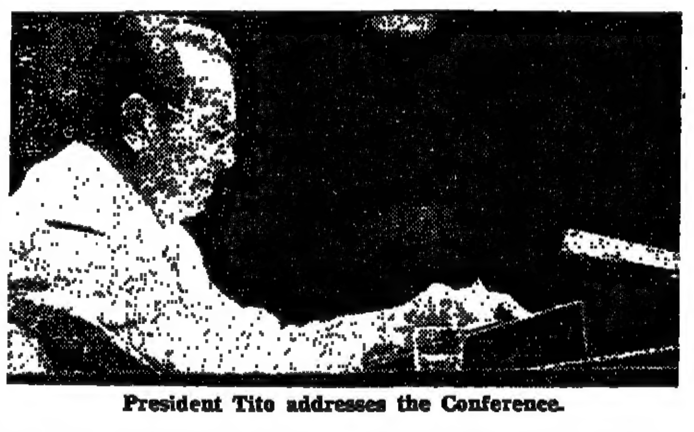
BELGRADE, July 25.

PRESIDENT TITO of Yugoslavia today delivered a barely disguised warning to non-aligned countries about Soviet and Cuban involvement in Africa and said the big powers were a threat to peace.

He urged the non-aligned movement, of which he is the only surviving founding father, to close ranks in settling its major conflicts and to counter attempts to divide it.

"Pressures against the unity of the non-aligned movement are now being intensified," he said.

"We are witness to attempts to establish in the vitally important regions of the non-aligned world —primarily in Africa—new forms of colonial presence or of *bloc* dependence, foreign influence and domination. We should be united in resisting such endeavours."



President Tito addresses the Conference.

President Tito's keynote address to the opening session of a potentially stormy five-day conference of Foreign Ministers from the 86 member-countries was greeted with long, sustained applause.

It reflected deep concern in many non-aligned states that Cuba with Soviet backing, was trying to split the grouping into so-called progressive and moderate factions, with the progressives looking towards Moscow.

President Tito was careful to balance his warning by referring to threats from both East and West.

He spoke of dangers from imperialism, a synonym for Western countries, and of hegemony—meaning the Soviet Union —and its allies.

Apparently alluding to Cuban statements that non-aligned countries were natural allies of Communist States, President Tito condemned any kind of sectarianism and ideological divisions "no matter what slogans they hide behind."

Senior diplomats said Cuba's role, especially its military intervention in African countries, could prove one of the flash-points in this week's debates.

Other quarrels might arise over Arab disagreements about Egypt's Middle East peace initiatives, fighting in the Western Sahara, border troubles between Cambodia and Vietnam, and French military involvement in Africa.

"I should like to voice my concern over the renewed threat to peace from power politics and the persistence of the terrifying arms race, aggravating existing trouble spots and crises, and even precipitating outright armed interventions," President Tito said.

Reviewing the world scene, President Tito said the U.S. and the Soviet Union should work towards greater detente, in which the non-aligned countries would play an important part.

"There is every indication that we have again arrived at a dangerous crossroads when energetic action by the non-aligned countries is needed even more."

President Tito's call for unity was echoed in a message from North Korean President Kim Il Sung, who spoke of a complicated situation in the movement.

The message, read out by Foreign Minister Ho Dam in his address on behalf of Asian members, said the movement must oppose any attempts to split it into progressive and non-progressive countries.

IMF memo on Italy leaked by newspapers

By Dominick J. Coyle

ROME, July 25.

WITH a coincidence of timing suggesting an inspired leak—whether from Rome or Washington — at least three of Italy's main newspapers today carried detailed, and broadly similar, accounts of a "secret" memorandum left with the minority Christian Democrat (DC) government of Sig. Giulio Andreotti, by Mr. Alan Whittome, European Director of the International Monetary Fund.

Italy is hoping to negotiate later this year a new standby facility with the IMF of $1bn and a Fund team under Mr. Whittome left here earlier this week after a three-week review of the Italian economy and detailed discussions with Economics Ministers on the outline of the 1979 budget.

According to the reports published here, the IMF has called for a major overhaul of public spending programmes and of the Treasury's control over appropriations once allocated. Specifically, the Fund, according to the report, is pressing for a sharp reduction in the enlarged public sector deficit next year which is officially estimated at more than L43,000bn (£26.8bn).

The reported Whittome Memorandum avoids specific figures, but it calls on Italy to concentrate on reducing the level of inflation, including changes in the system of wage indexation nationally. The Government, it warns, should not be lulled into any sense of false security by the strong surplus in the balance of payments.

The source of the leak of this private memorandum is not clear, but its disclosure will do the Government's case no harm as Ministers seek to win agreement from the political parties for programmes of relative austerity, for a cutback in the rising costs of pension subsidies and for moderation in new national wage contracts.

Equally, disclosure may also serve the purpose of the IMF.

Portuguese Socialists stay in power

By Our Own Correspondent

LISBON, July 25.

WITH PERHAPS its most intemperate statement this year, the Portuguese Socialist Party staved off resignation today but virtually put an end to continued collaboration with the conservative Christian Democrats.

Contrary to earlier warnings by Sr. Mario Soares, the Prime Minister, the Socialist Party management council after a late-night meeting said the party would continue in government and expressed full support for the Prime Minister and his team.

Both socialists and conservatives in the now disintegrating six-month-old ruling alliance claim that the other side had broken the pact from which the Government was born in January this year.

The Conservatives, who sparked the crisis by withdrawing their three ministers from the Cabinet, may have gone further than they first intended in their attempts to force ministerial changes and get rid of the agriculture and health ministers.

In spite of the heavy social and economic costs it would entail, some sources believe the Socialists may just be willing to risk a snap general election, more than two years before it is due, to resolve the crisis. ...

OVERSEAS NEWS

Fukuda blames yen rise on failure of U.S. policies

BY CHARLES SMITH, FAR EAST EDITOR

AFTER BREACHING the 200 to the dollar barrier on Monday, despite Bank of Japan intervention, the yen took another upwards leap on the Tokyo foreign exchange market today. The market closed with the dollar at Y195.50, an advance of no less than 3.60 points on the Monday dollar closing rate of Y199.10.

Trading was once again very active with $819m changing hands on the spot market during the day. The Bank of Japan, which made a symbolic attempt to hold the line at or just above 200 when the exchange market opened on Monday, apparently stayed largely out of the market.

Apart from its desire to avoid charges of running a "dirty" float, the bank seems to have calculated that intervention on a scale large enough to be effective would risk stirring up inflationary pressures (because of the quantity of yen which would have to be released on to the exchange market in return for dollars). Unofficial reports circulating in the foreign exchange market today suggest that the Bank of Japan bought about $350m during the first half-hour of trading on Monday before abandoning the attempt to keep the dollar above 200. It appears to have bought less than $100m today.

The Prime Minister, Mr. Takeo Fukuda, in a brief comment released this afternoon ascribed the yen's appreciation to the failure of other countries (especially the U.S.) to introduce effective exchange rate policies. Mr. Fukuda also implied that President Carter's failure to get an Energy Bill through Congress was damaging confidence in the dollar and thus helping to force up the yen exchange rate. His view that responsibility for the yen's latest rise lies outside Japan appears not to be fully shared by the rest of the Government some of whose members see the present situation as a warning that Japan needs to take further steps to reflate its economy.

The Minister of International Trade and Industry, Mr. Toshio Komoto, said to-day that Japan should promote "emergency" imports and introduce a large supplementary budget during the autumn so as to reduce the balance of payments surplus and stimulate domestic demand. Without actually criticising current Government policies Mr. Komoto argued that it would not be right for the Government merely to "study" the economy's perfrmance during the past three months and decide on the strength of that whether new stimulatory measures were needed. Stimulatory measures should be taken anyway, Mr. Komoto said, to ward off adverse effects on the economy that could stem from yen appreciation.

Even if Mr. Fukuda is right to blame the U.S. for its failure to prop up the dollar more effectively the yen's behaviour during the past couple of days would seem to be explainable in terms of Japan's own economic performance—or at least the superiority of its performance in relation to other nations. Balance of payments figures published last week (two days after the close of the Bonn summit meeting) revealed an all-time record in the seasonally adjusted trade surplus for June ($2,988m compared with the previous peak registered in March, of $2,930m)

Another telling set of statistics compares rates of inflation in Japan with those in the U.S. during the past year and shows Japan scoring heavily. Japan's wholesale price index in June showed a fall of 2.1 per cent from a year earlier while the corresponding U.S. index was up by 7.6 per cent. The Japanese Consumer Price Index for May showed a year to year rise of 3.5 per cent compared with a 7.1 per cent rise for U.S. consumer prices.

Reactions by Japanese industry to the yen's latest rise remain distinctly less panicky than reactions to the earlier round of appreciation last autumn. A typical instance of the way businessmen have been revising their views is contained in a survey by Shoko Chukin Bank, a semi-governmental bank for commercial and industrial co-operatives, of the exchange rates regarded by small companies as the break-even level for exports. In a survey conducted last October, Shoko Chukin found that most small companies did not believe they could export profitably if the yen rose above 251 to the dollar. The critical level was revised to 221 in a survey conducted last March and moved further up to 201 in a survey taken last month.

Resignation of top Japanese general

BY ROBERT WOOD

TOKYO, July 25.

GENERAL HIROOMI KURISU, Japan's highest-ranking uniformed military officer, was asked to resign today for telling a Japanese magazine that the Japanese "self-defence forces" would have to take "supra-legal action" in case of a surprise attack on the country.

Gen. Kurisu said that Japanese law forbids the self-defence forces from taking any action — even retreating — without approval of political authorities in case of enemy attack. But he said in an interview published last week that he had told his men to act anyway.

His resignation was requested by Mr. Shin Kanemaru, Director-General of the Japanese Defence Agency. Gen. Kurisu said after leaving his post that he had said "what I thought was right. I was determined to quit if my remarks were not welcomed by the Director-General," he added.

The Japanese constitution, written during the U.S. occupation after World War II, bars Japan from maintaining a military force or using war to settle international disputes. Traditionally the provision has received strong support from Japan's left-wing opposition parties.

Japan's self-defence force is a modern military establishment in every respect except size and possession of nuclear weapons, which Japan has foresworn. Gen. Kurisu's statements have taken the debate on defence issues several stages further than other official pronouncements.

Cook Islands chief ousted

BY DAI HAYWARD

WELLINGTON, July 25.

THE COOK ISLANDS High Court has removed Premier Sir Albert Henry and seven of his Cook Islands Party Ministers from office and invited the Leader of the Opposition Democratic Party, Tom Davis to form a new Government.

Mr. Justice Donne found that Cook Islands Government Ministers had indulged in bribery and bribing hundreds of voters to corruption on a large scale—win the March general election.

The Democratic Party brought the court case after losing the March election by 15 seats to 7 as a result of the votes of 2,000 Cook Islands Party supporters flown in specially from New Zealand.

Until the flying votes were recorded at 10 pm on election night the Democratic Party was ahead in a majority of seats.

The Democrats alleged the NZ$350,000 needed to pay for subsidised flights had been stolen from public funds. They also alleged the $20 subsidised seats for the 2,000 mile return flight constituted an election bribe.

Mr. Robert Muldoon, the New Zealand Prime Minister, said he hoped the outcome would be accepted peacefully in the Cook Islands—a country made up of 15 islands scattered over 200,000 square miles of the Pacific.

Reuter adds: Mr. Justice Donne, who made the ruling after a three-month inquiry, later swore in Dr. Davis as Premier to govern the 25,000 islanders.

Sir Albert Henry had been Premier since 1965 when the islands, whose most lucrative export is postage stamps, became internally self-governing from New Zealand.

The court ruling gave the Democratic Party 15 seats in the 22-member Legislative Assembly to six for the Cook Islands Party, with one by-election pending.

Sir Albert, who shook Dr. Davis' hand after the ruling, told reporters: "The judge has made his decision. The judge knows the law. I don't know the law."

Nigeria oil income may fall by 18.7%

By Mark Webster

LAGOS, July 25.

THE LARGE-SCALE fall in Nigeria's oil production is likely to cut revenues this year by 18.75 per cent to Naira 5.2bn (about £4.3bn), it was stated in Lagos yesterday.

Chief Meschak Feyide, head of the inspectorate division of the Nigerian National Petroleum Corporation (NNPC), was speaking at the opening of an oil seminar.

He said falling world demand for Nigeria's crude had cut production from 2.9m barrels a day to 1.55m b/d in January and February this year.

Added to the production cuts was the falling value of the dollar and internal and external inflation, he said. Together they could erode Nigeria's oil revenue in real terms by as much as 40 per cent.

What was more, he said that a production level of 1.8m b/d would probably not improve next year.

Nigeria's domestic consumption is rising by an estimated 25 per cent a year and he said it was time the country started to think about conservation.

Allowing for an annual growth in demand of 15 per cent, Nigeria would consume 350,000 b/d by 1988.

Two new refineries will be on stream by then but total output from the existing refinery at Port Harcourt would be only 260,000 b/d.

At present, Nigeria relies on Shell's Curacao refinery for most of its domestic consumption. Shell refines around 120,000 b/d under a refining contract.

Chief Feyide also urged oil companies to keep exploring. Exploration has picked up considerably since Nigeria announced a package of financial incentives.

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Manpower shortage threatens Comecon economic growth

At the root of Comecon's industrial labour problems are the twin threads of poor productivity and slower population growth, writes Roger Boyes

AT A TIME when the West is desperately trying to reduce unemployment, Comecon is faced with serious shortages in manpower which could put substantial restraints on future economic growth. Recent issues of Soviet economic journals indicate that the problem is causing considerable concern among Russian and East European planners.

The shortages are felt most acutely in the more highly developed Comecon countries such as the Soviet Union, Czechoslovakia and East Germany. But, according to U.S. estimates, even the poorer East European states are having trouble. The demand for industrial labour in Bulgaria, for instance, exceeded supply by 2 per cent in 1975. And Communist Party officials in Romania's important Cluj county recently told the Financial Times that they had to put up with substantial shortages in the construction industry.

The Soviet Union, however, has been hit the hardest by the tautness of the labour market. The USSR wants to open up its Siberian energy resources, but is having great trouble recruiting skilled and unskilled personnel despite higher wages. There is also a shortage of workers for the main growth sectors in European Russia.

Until the 1960s, the number of workers generally matched the planned growth in the economy. But, by 1967, there was a shortage of at least 125,000 industrial workers in relation to plan requirements and the 1970 goal fell short by some 1.7m workers. Clearly the 1980-85 plan will have to scale down growth rates or at least radically shift the focus of its manpower planning to more productive techniques.

At the root of all of East Europe's manpower problems are the twin threads of poor labour productivity and a slowdown in population growth. This is particularly apparent in the Soviet Union which is plagued by overmanning—the result not just of the inefficient use of labour and equipment, but also from flaws in the planning equipment process.

To this degree, Comecon's manpower problems are artificial and could be partially solved by productivity-raising measures.

Poor quality goods—notably shoes and clothing—are often produced simply to fulfil plan indicators, even though there is no apparent demand for the products. This leads in turn, to an artificial increase in the need for new production capacity and the labour to man it.

There is the reluctance of factory managements to release superfluous workers for fear that their plants will be relegated to a lower category. Factories in Comecon countries are usually classified according to how many workers they employ. The factory managers also fear that they could be left short of workers during harvest time when the State demands a percentage of the plant's labour force to bring in the crops. As a result they exaggerate their manpower needs.

Inefficiency in the agricultural sector has resulted in an extremely large labour force on the farms. Although agricultural workers are underemployed compared to other countries, their number has to be maintained at the present level in order to reach the high production targets.

Planning and administration in the Soviet Union also absorbs an increasing amount of workers, drawing them away from the productive spheres of industry.

The Soviet Central Institute of Mathematical Economics estimated that in 1965 about 12m people were involved in planning and management. The editor of the State Planning Commission's journal has made the somewhat tongue-in-cheek suggestion that, if this figure grows according to established Soviet econometric theory—that planning work increases by the square of production—then all the adult population of the USSR will be engaged in some form of administration by 1980.

There is in fact only a slender manpower reserve to draw on in Eastern Europe where full employment is the guiding principle. Article 40 of the new Soviet constitution guarantees every Soviet citizen the right to work. The Labour Code indicates that there is a positive obligation to do so—Russians who are unemployed for more than four months in a year become liable for prosecution under harsh "anti-parasitism" laws.

There is, however, a small degree of unemployment as a result of workers changing their jobs. This, with improved planning procedures, could produce extra manpower. According to one Soviet estimate, an average 28 working days are lost when a worker changes his job. With about one-fifth of industrial workers and about one-third of construction workers voluntarily leaving their jobs or being fired for breaking labour discipline, this adds up to a substantial number of lost working days.

The situation is aggravated by the absence of any effective job-finding service—labour exchanges were abolished in the 1930s. This has led to people rejecting mundane jobs in favour of more glamorous ones.

A recent Soviet survey showed that over 80 per cent of farmers' children wanted a (better-paid) industrial job, while those with parents in industry wanted in the main to go into planning or the professions. This has led to severe imbalances in finding jobs for young school leavers.

Most Comecon countries have set up committees on labour resource utilisation which try to smooth out some of the problems arising out of this. They deal with the retraining and reassignment of surplus labour and the establishment of programmes to provide information on jobs. But recently Soviet newspapers—notably the trade union daily Trud— have criticised the committees for not adequately matching men with jobs.

The Research Institute of Gosplan, the state planning body, has recommended the ending of work stoppages in between shifts, which could raise productivity by 10 or 11 per cent. There is also a move towards putting legal restraints—such as existed up to 1956—on labour turnover.

The productivity and overmanning problems are exacerbated by the slowdown in population growth, experienced by the Soviet Union and other East European countries over the past decade. This disturbing trend is highlighted by the recent slowing down in the marriage rate in the Soviet Union and the appreciable rise in divorces. As Dr. Murray Feshbach, a leading U.S. Sovietologist said: "After 1980 a potentially disastrous shift downwards will occur with net annual increments of only about 590,000 and 610,000 per year in the two halves of the decade." This increase in a workforce of some 120m workers is, he concludes, inadequate unles productivity is drastically increased.

Dr. Feshbach calculates that even this increase would occur primarily in the Soviet Central Asian republics and Kazakhstan. The population of the industrialised European section of Russia would, by contrast, remain static during the first half of the 1980s and actually decrease in the latter half of the decade.

Unless, he concludes, the unused labour in the five Central Asian republics moves to jobs in European Russia or Siberia —unlikely under present manpower planning restraints—or unless jobs are moved to them the main growth regions will be starved of labour by the 1990s.

Soviet economists are approaching the problem in a number of different ways. Dr. Mikhail Sonin, a labour economist, wrote in the Moscow journal Economy and Law earlier this year that early marriage and more extensive use of adolescents would help to ease the manpower situation.

He claims that Russians marry late in life compared to people in the West. "A large proportion of (Soviet) manhood spend their early manhood alone," he writes. They should, instead, think in terms of starting families. Meanwhile, the minimum age of employment should be lowered from 16 to 15.

Soviet planners have so far shied away from most of the productivity schemes being experimented with in Eastern Europe. One scheme, widely applied in Hungary, known as the "aggregate wage system," has reduced the number of workers at various enterprises by almost 2 per cent, freeing them for work in different sectors of the economy.

Under the scheme all workers receive a minimum annual wage increase of 1.5 per cent. But wage claims over 6 per cent automatically increase the enterprise's tax liability. This kind of wage-setting autonomy—still unthinkable in the USSR — has bred a more positive attitude to productivity.

Another possible solution which would depend on a much more integrated Comecon organisation, is the use of foreign workers from Eastern Europe

Some 9,000 Bulgarians were last year reportedly working as loggers in Siberia and 7,000 North Koreans were understood to be cutting timber in the Soviet far east during the early 1970s. Usually, however, Moscow prefers to engage workers or technicians only for specific projects, sending them home after the work has been accomplished.

Yet another possibility is the broader use of the Soviet army. Soldiers already help to bring in the harvest and automatically assist in disaster relief. Soviet economists are believed to be actively studying this option but even with the increased mobilisation of soldiers, younger school-leavers, and old age pensioners (almost 2m more retired workers have been brought into the economy over the past decade) the central problems of over-manning and a sluggish birth rate persist.

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OVERSEAS NEWS

Ethiopia takes key town from Eritrean guerrillas

BY DAN CONNELL

KHARTOUM, July 25.

ETHIOPIA has scored its first major victory in three years of fighting in the Red Sea province of Eritrea with the capture of the town of Tessenei from the Eritrean Liberation Front (ELF), according to informed sources in Khartoum.

Ethiopian forces also occupied the ELF-held town of Adi Quala late last week and are now reported to be very close to the ELF-held town of Mandefera (also known as Adi Ugri).

The ELF's Khartoum spokesman conceded that the Ethiopian government was making gains in the six-week-old Eritrea offensive, but he said that they were being won at great human and material cost to Ethiopia. He said that the ELF would increase this cost by carrying out guerrilla actions against government supply and communications lines behind the now extended army of regulars and militia.

The fall of Tessenei, which is close to the Sudanese border on the western side of Eritrea, puts the Ethiopian forces in a position to cut the ELF's supply route to central Eritrea from Sudan. Tessenei is also near the ELF's main base area. Adi Quala and Mandefera are about 150 miles to the east in the central highlands of Eritrea—the most heavily populated area.

Meanwhile in Sudan, government officials say that an influx of thousands of Eritrean refugees is creating a relief crisis. An urgent request for international assistance is now going to United Nations and voluntary agencies to cope with the situation.

More than 4,000 refugees from the Tessenei area are on the Sudan side of the border and up to 10,000 more are expected to arrive soon.

With 300,000 Eritrean refugees already in Sudan, according to statements by President Nimeiri at the OAU summit last week, Sudan's ability to cope is severely strained.

Officials here say that the new emergency poses an insoluble problem unless large scale international aid is immediately forthcoming. Medicines and shelter are not available and transport will be seriously hindered by exceptionally heavy rains in the area.

When I was in the border town of Kassala last week, I saw wounded patients crowded two in one bed in the hospital there.

An emergency meeting of UN and other relief officials was held here yesterday, at which an immediate response to the emergency was urged.

Israel hopes for new peace talks

BY DAVID LENNON

TEL AVIV, July 25.

ISRAEL is still hoping that a new round of peace talks with Egypt will be held early next month, an official in Jerusalem said to-day, in spite of Cairo's apparent retraction of an earlier acceptance of the invitation by Mr. Cyrus Vance, the U.S. Secretary of State.

Israel denies that the Cabinet refusal on Sunday to make a goodwill gesture toward President Anwar Sadat, by unilaterally returning two sites in Sinai to Egyptian control, is likely to have harmed the prospects for the meeting. Officials insist that Israel has had no communication indicating that the meeting is now off.

Mr. Alfred Atherton, the roving U.S. ambassador, is due here tomorrow to try to clarify the arrangements for this meeting.

The U.S. official is expected to query the exact meaning of recent Israeli statements about the future of the West Bank and Gaza Strip.

The Government will tomorrow face a no-confidence motion, tabled by the Labour Party, which has accused the Government of pursuing a policy which freezes the chances of making a peace settlement. The Opposition has tabled a number of similar motions in recent months, and all have been easily defeated by the Government.

Roger Matthews adds from Cairo: The Government-owned Egyptian Press today labelled Mr. Menahem Begin, Israel's Prime Minister, as a "fascist" and accused him of trying to abort the peace process with his "expansionist mentality" and his "sick fancies."

The attack on Mr. Begin, which appeared as the main editorial in Al Ahram, was the most virulent yet launched against the Israeli Premier and coincided with a decision by President Sadat to summon a meeting tomorrow of the National Security Council, officially described as Egypt's top policy-making body.

Official sources said the decision to call the meeting reflected the deep concern that was felt over the continuing inflexibility shown by Israel. It is also intended as a reminder to the U.S. Administration that it must persuade Israel to introduce some "new elements" before Egypt will agree to go to the negotiating table again.

Lebanon plans military changes

BY IHSAN HIJAZI

BEIRUT, July 25.

THE LEBANESE Government has finalised plans for deploying units of the Lebanese army in southern Lebanon, and is considering ideas for reorganising the armed forces to ensure a balance in the distribution of military posts between Christians and Moslems.

As part of the plans, army officers who have been commanding the Israeli-backed Christian militias in the border region will be removed from their posts and brought to Beirut to be placed at the disposal of the army command.

The decision was taken at a meeting yesterday by President Elias Sarkis, Mr. Selim Al-Hoss, the Prime Minister, and Mr. Fuad Butros, the Foreign and Defence Minister. Brigadier-General Victor Khoury, the army commander, and Colonel Munir Torbey, the chief of staff, briefed the conferees on the logistics for despatching the military units to help United Nations troops in maintaining law and order in the south.

The military steps are being given a great deal of importance here and it is significant that the President and his Government have not been deterred by the new round of fighting between Syrian troops of the Arab peace-keeping force and Christian militias.

The Syrians pounded Christian positions at the hillside town of Al Hadass overlooking the capital for three days, during which civilians huddled in the basements of their buildings.

The bombardment has given way to sniping as an uneasy calm prevailed over the area this morning. Such lulls have not survived in the past few days, and heavier fighting usually breaks out in the evening.

About 1,500 soldiers forming the "Litani Brigade" have been standing by in barracks in the Bekaa Valley in east Lebanon since mid-June waiting for orders to move south. Political arguments and disagreement about the status of the officers co-operating with Israel held up the deployment of the troops.

The Government decided to act after Dr. Kurt Waldheim, the UN Secretary-General, last week sent a letter warning that unless Lebanese forces were sent to the south to assist the UN troops in maintaining law and order, the Security Council might not be able to extend the mandate of the troops when it expires in September.

Lebanese soldiers are expected to head south either this weekend or early next weekend, and they will go in batches of 300 men each. The deployment will be completed in 10 days or two weeks, barring unusual security problems.

BHUTTO ACCUSED IN WHITE PAPER

Key rigging role unproven

BY DAVID HOUSEGO

AN IMPORTANT part of the justification for the overthrow of Mr. Bhutto by the military in Pakistan was that he rigged the general election of March, 1977, and then carried the country to the brink of civil war by his refusal to hold a fresh poll.

The surprising feature of the military régime's White Paper* on the conduct of the elections—a blatantly partisan attempt to swing opinion against Mr. Bhutto who could face charges of electoral fraud and is now in any case under sentence of death—is that it contains so little evidence to show that Mr. Bhutto had a direct hand in manipulating the final results.

Slipped in among the 1,400 pages of text and documents is a revealing analysis which shows that on the eve of the election military intelligence thought that Mr. Bhutto would win by a minimum of 22 seats. The document was presented on March 4—the last day of campaigning—and presumably at the meeting of his close advisers that he called in Lahore that day to assess his chances. It was put forward jointly by the chiefs of the Intelligence Bureau and the military Inter Services Intelligence (ISI), though the analysis was clearly the work of the ISI.

The head of the ISI at the time was General Jilani, who is now Defence Secretary. Apparently his judgment then was that Mr. Bhutto could win the election without foul play though the document says that the Punjab "would require extra-ordinary attention to the very last moment."

This inevitably raises the question that if military intelligence was this closely involved in Mr. Bhutto's campaign, what other activities did the army carry out to further his victory? The White Paper is silent on all other aspects of the army's involvement.

One of the major pieces of evidence brought forward to demonstrate that Mr. Bhutto intended massive rigging of the election is the so-called "Larkana Plan." This is a detailed project drawn up in April 1976 for ensuring victory in a constituency adjoining Mr. Bhutto's own by drawing on help from the police and district administration. He passed it to Mr. Rafi Raza, his Minister of Production and a special assistant closely involved in running the election campaign, as a possible model for the campaign throughout the country.

But was the "Larkana Plan" prepared "personally" by Mr. Bhutto as the White Paper asserts, or was it one of those windy documents drawn up by a sycophantic official, to which Mr. Bhutto foolishly put his name? The signature is certainly Mr. Bhutto's but the language is not. Take for example these two sentences:

"A model election plan for One National Assembly Constituency consisting of Warah and Dokri Talukas has been prepared and is placed below." And "During the course of current exercise (sic), it came to light that there was a shortage of lady workers even in the principal towns." This is not the style of the arrogant Oxford-educated Mr. Bhutto.

Mr. Rafi Raza, a one-time personal friend of Mr. Bhutto, evidently did not take the document very seriously for he handed it back to the Government after he left power although potentially it incriminates him as much as Mr. Bhutto.

That there was widespread fraud on election day—stuffing of ballot boxes, declaring of results before the votes had been counted, bullying of opponents and misuse of Government power—is not in doubt. The extent of the fraud certainly undermined the credibility of Mr. Bhutto's victory and ultimately his legitimacy as head of government. But in assessing Mr. Bhutto's role, the key issue is whether the rigging was instigated by him or whether it was the work of over-zealous subordinates.

There is plenty in the White Paper to show that Mr. Bhutto did not scruple to use foul means to discredit his opponents and was clearly impatient with timorous advisers who acted as though Pakistan was a Westminster-style democracy. He endorsed suggestions (often enthusiastically) for harassing the opposition with tax or police inquiries, seizing their vehicles, putting up "surrogate" opposition candidates if the opposition boycotted the elections, limiting the freedom of the election commission, and employing government funds in his campaign.

All this confirms that Mr. Bhutto, further debased the standards of public life during his Premiership and created an atmosphere in which his officials felt that they would gain favour by ensuring the overwhelming victory of his candidates irrespective of the means used.

But the White Paper does not convincingly show that he ordered the rigging of the results. To judge from the documents published, the current régime had access to the papers of General Imtiaz Ali, Military Adviser, Mr. Rao Rashid Khan, Special Secretary, Mr. Tamman, Special Assistant, and Mr. Rafi Raza—his key official in running the election. If there are no more incriminating papers than those presented, the assumption at the moment must be that they do not exist.

The White Paper also fails to discuss Mr. Bhutto's own claims that he personally ordered the District Commissioners just before the poll not to engage in rigging. Nor does it discuss the violence instigated by the opposition Pakistan National Alliance to win seats in Sind province. That there was foul play as well by the opposition does not emerge.

The picture that comes through from the documents is that in 1974-75 Mr. Bhutto was worried as to whether he would be returned to power in a general election. By 1976, when he was considering dates and strategy, he thought there would be a tough campaign requiring a "do or die plan taking care of everything." As the election drew closer, however, his major concern seemed to be as much that his assumed victory would not carry credibility because Pakistanis would believe that this election—like all others in the country's history—had been rigged.

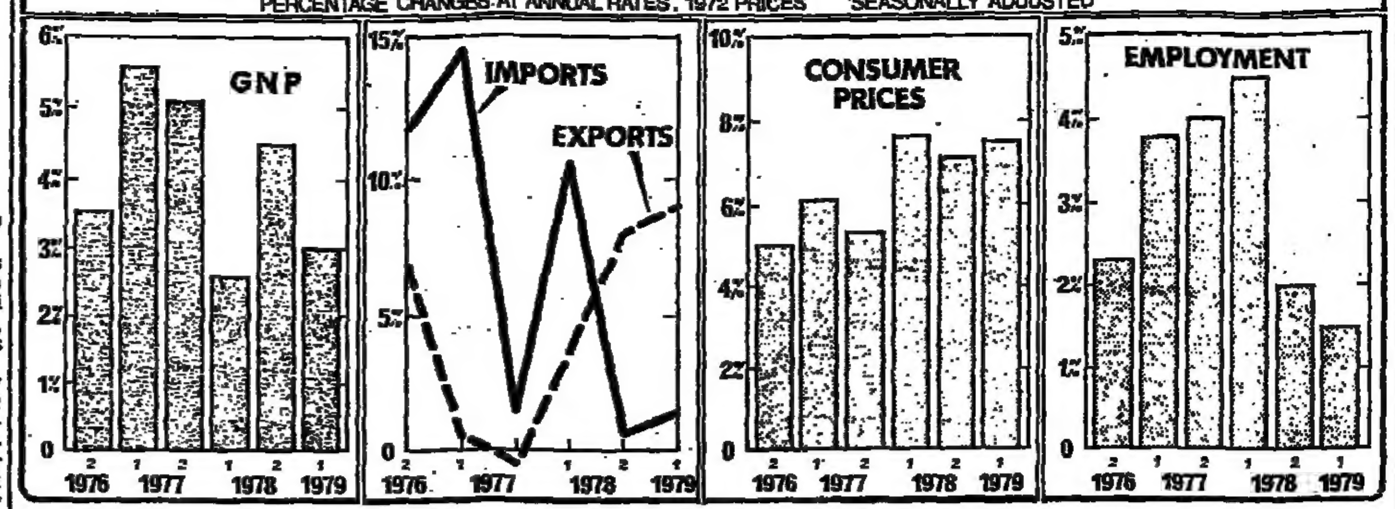
As is clearly intended the White Paper brings out the Machiavellian side of Mr. Bhutto's character. Unintentionally perhaps, it also shows him as having a streak of warmth and humour. When a Mr. Rashdi sought a job for his son from Mr. Bhutto—and got one—Mr. Bhutto noted on the request: "We are responsible for Rashdi and all his sons because he told Ayub Khan (the former President) to get me shot. That is life. What can we do for this loyal band of faithfuls."

*White Paper on the Conduct of the General Elections in March, 1977. Government of Pakistan, Rawalpindi, July, 1978.

AMERICAN NEWS

US INDICATORS – OECD FORECASTS

PERCENTAGE CHANGES AT ANNUAL RATES, 1972 PRICES SEASONALLY ADJUSTED



Warning on U.S. inflation control

BY DAVID FREUD

THE U.S. Administration's attempts to control inflation could contribute to a serious recession, with an equally severe impact on the rest of the world, the Organisation for Economic Co-operation and Development warns.

In its annual review of the U.S. economy, published today, the organisation says that the slowdown in growth could be significantly greater than that at present envisaged by the Administration.

Greater caution in demand management is called for because the gap between actual and potential production may be smaller than assumed earlier, and because the reasons for the recent marked slowdown in productivity growth are not yet known.

It says: "An even more restrictive stance than recently adopted would probably help to contain inflation, but only with some timelag.

"And although the reduction of inflation must now be a first priority for U.S. economic policy, attention will still have to be paid to the effect of demand management on output, employment and investment—and, indeed, to the impact that a new serious recession in the U.S. could have on the currently hesitant recovery in the rest of the world."

The review forecasts that the growth of Gross National Product will fall back to 3 per cent in the first half of 1979, compared with the above 5 per cent in 1977.

Among the restraining influences will be the high level of consumer debt—now running above the levels of the previous cyclical peak. The outlook is further depressed by the persistently high rate of inflation and its recent acceleration.

The economy is also likely to lose much of its cyclical momentum after the second quarter of this year, when it bounced back from the depressed levels of the first quarter caused, mainly, by the adverse weather.

As the recovery enters its fourth year, says the review, the boom in consumer durables and residential construction seems to have reached its peak, while the dampening effects of declining tax refunds in the second half of the year will not be fully offset by the proposed tax cuts.

The downturn in the rate of growth is likely to cause a marginal rise in the unemployment rate, which is currently at about 6 per cent. (Severe labour bottlenecks are now thought to arise at unemployment levels below 5 per cent.)

The review says that there is a great deal of uncertainty about the pattern of employment, since productivity has been stagnating at a time of fast growth in the number of jobs. It assumes that productivity will rebound and grow at about 2 per cent over the coming year, so that employment is forecast to expand by only 1.5 per cent during the year to the first half of 1979.

The review forecasts that there will not be a further sustained rise in short-term interest rates over the next year. It points out that the long-run growth of money supply under 8.5 per cent for M2, has remained well within the Central Bank's range.

Business balance sheets are strong and the cautious investment behaviour assumed does not suggest any severe squeeze on corporate credit.

Consumer prices are expected to rise by 7-7.5 per cent over the year to mid-1979. This follows the sharp rise in inflation at the beginning of the year registered by most price indices. Taking this recent acceleration into account, and allowing for tighter labour market conditions, hourly earnings are forecast to rise by about 8-8.5 per cent over the next 12 months.

Higher social insurance taxes due at the start of 1979, and a catch-up by employees in the non-union sector, could bring the increase in earnings per employee to 9-9.5 per cent.

The main reason for the survey's forecast of wage pressure adding to inflation is that wage differentials between unions and non-union sectors of the economy have widened since 1973.

As contracts came up for renegotiation after the inflation bout of 1973-74, the larger unions succeeded in winning settlements of just over 10 per cent in total compensation, considerably above the national average. This meant the non-unionised, and generally more competitive, sector suffered a relative decline.

With the tightening of the labour market, "the potential for some catch-up increases in wages for the non-union sector thus appears to be unusually large."

The survey expects the trade deficit to improve over the rest of the year and in 1979 following the deterioration to an annual rate of $45bn in the opening quarter of this year. "Much of the decline appears temporary, and may partly reflect the terms-of-trade deterioration brought about by the depreciation of the dollar.

"As these factors reverse, and as the depreciation of the dollar strengthens the competitiveness of U.S. goods, some gain in market shares is anticipated. Real exports are forecast to grow at an annual rate of some 8.5 per cent over the 12 months to mid-1979, while the volume of non-oil imports is forecast to rise by less than 2 per cent.

Oil imports are expected to fall slightly in 1978 as Alaskan oil production peaks, but continue their upward trend thereafter.

In 1978 the deficit on trade is forecast to reach a level of about $36bn, with some improvement appearing by the first half of 1979. Assuming some increase in the surplus on invisibles, the deficit on current account could be about $19bn this year, falling to an annual rate of about $12bn in the first six months of 1979.

Carter 'was wrong about computer for USSR'

By David Lascelles

NEW YORK, July 25.

PRESIDENT CARTER was misinformed about the capacity of the computer, the sale of which to the Soviet Union he forbade last week, the manufacturer claimed today. There is growing reaction, favourable and unfavourable, to the White House's tough new commercial policy towards the USSR.

Mr. J. Paul Lyet, chairman of Sperry Rand, described as erroneous the two main grounds Mr. Carter gave at his news conference last week for preventing the $6.8m sale—that the computer would facilitate a "quantum jump" in Soviet processing capacity, and that its power was excessive for the stated Soviet purpose, to process news at the 1980 Olympics.

According to Mr. Lyet, the computer was comparable to one his company had already sold to Aeroflot, the Soviet airline, to handle booking, and was, therefore, within U.S. guidelines on trade with Communist countries. He also said the capacity was not excessive, and that Sperry Rand had spent two years designing the equipment to meet the specific needs of Tass.

Mr. Lyet added that Sperry Rand's contract with the USSR would have given it access to the equipment at all times. If technicians found it was being put to unauthorised use, they would block supplies of spare parts.

Mr. Lyet refused to condemn Mr. Carter's decision. "But we do question the information that led to it," he said, adding, "Sperry has always complied with the wishes of our Government concerning where and with whom we should trade. We will continue to follow that policy."

Sperry's claim came as the Government announced a postponement of publication of the new rules to govern exports of oil technology to the Soviet Union, but this was apparently for technical rather than political reasons.

These curbs, announced by Mr. Carter last week, received an angry reaction from Dresser Industries, the company whose $144m sale of oil drilling equipment has yet to be fully approved. Mr. James Jones, the Dresser president, described the action as "sheer idiocy," adding, "placing oil technology under Government control will virtually hand American export business to foreign competitors on a plate."

Chile air force chief to sue over dismissal

By Robert Lindley

BUENOS AIRES, July 24.

GEN. GUSTAVO LEIGH, forced out of his post as Air Force Commander-in-Chief and junta member yesterday by President Augusto Pinochet, says he will take his case to the courts.

Gen. Leigh did not resign his posts but was summarily replaced by Gen. Fernando Matthei, who was advanced over the heads of eight other Air Force generals, all of whom for this reason have been obliged to go on to the retired list.

One of these eight is Gen. Sergio Leigh, the deposed junta member's brother, who said: "There has been no change in the command . . . all of us generals support Gen. Leigh. I don't know what Gen. Matthei's opinion is, and I don't care."

Gen. Matthei had said that, because he disagreed with Gen. Gustavo Leigh's demand for a return to constitutional government in Chile within five years, he had planned to present his resignation yesterday as Minister of Mining and go on the retired list. "I'm sorry," added Gen. Matthei, "that it has fallen on me" to be Gen. Leigh's successor.

Budget chief seeks $5bn cut in federal spending

BY DAVID BUCHAN

WASHINGTON, July 25.

A FURTHER sign of the Administration's desire to convince Congress and the public that it is serious about curbing inflation came today when Mr. James McIntyre, Director of the Budget, asked Congress to cut another $5bn of federal spending, to bring next year's budget deficit to about $43-$44bn.

Urging the Senate Committee on the Budget to be rigorous in its review of public expenditure, Mr. McIntyre also said that the current estimate for 1980 federal spending was unacceptably high. The deficit for that year is calculated at $42.1bn.

Mr. McIntyre said greater restraint was appropriate because unemployment had dropped faster than expected while prices were rising rapidly—at over 10 per cent at an annual rate during the second quarter of this year. "Such restraint would show that the Federal Government is serious about our anti-inflation programme and would permit a better balance of fiscal and monetary policies," he said.

As inflation has worsened this year, so the Administration has been successively cutting back its targets from the $60.5bn estimate made at the start of the year to the $43-$44bn target that Mr. McIntyre is now suggesting Congress should aim for.

In evidence to another Congressional committee today, Mr. Barry Bosworth, Director of the Council on Wage and Price Stability, said that food price rises, which moved up in the first half of the year at an annual rate of 17 per cent, would slacken, so that over 1978 as a whole the rise would be about 10 per cent.

Exxon goes deeper

Exxon has announced that it is to drill 1,000 feet deeper than the planned 14,000 feet in its leased zone in the Baltimore Canyon, the newest U.S. oil exploration area, off New Jersey, our New York staff writes. However, in view of the company's silence about its findings so far, the significance of this move is not yet clear. On the one hand, it is argued, Exxon may be trying to match the discovery by Texaco of hydrocarbon traces at 14,800 feet in a nearby zone. This was the only encouraging indication to come from the area since drilling began in March. On the other hand, Exxon could be seeking extra information

Congressmen pressed over arms, sanctions

By Our Own Correspondent

WASHINGTON, July 25.

PRESIDENT CARTER this morning summoned Congressional leaders to a White House breakfast meeting in a last-minute bid to rally support for the lifting of the U.S. arms embargo on Turkey, and for maintaining trade sanctions against Rhodesia.

Fiercely contested votes on both issues were expected in a Senate debate later today on the Security Assistance Bill for 1979.

Evidence of the deep international concern about the outcome of the Senate votes came today with a message from EEC Foreign Ministers, meeting in Brussels, to the Secretary of State, Mr. Cyrus Vance, urging that the ban on arms for Turkey be lifted. Eight of the nine EEC member-countries also belong to NATO, and the 42-month-old arms embargo has created serious strains.

Mr. Powell said that the arms embargo vote—which the President last week called the most important single foreign policy issue now before Congress—looked very close, with neither the proponents nor opponents of the arms ban having a majority of Senate votes committed before the debate.

Appeal in NY Times jailing case

By John Wyles

NEW YORK, July 25.

THE New Jersey Supreme Court today was to hear an appeal against the imprisonment of a New York Times reporter and the levying of stiff fines against the Times company in a case which poses an important legal test of a journalist's right to protect confidential sources.

Mr. Myron Farber, the reporter, and the New York Times company were declared guilty yesterday of civil and criminal contempt for refusing to provide a murder trial judge with confidential notebooks. These contained information gathered by Mr. Farber during an investigation into 13 deaths at a New Jersey hospital in 1965 and 1966.

Mr. Farber's reports were followed by the prosecution for murder of Dr. Mario Jascalevich who is accused of killing five patients at Riverdell Hospital in Oradell, New Jersey, by giving them lethal doses of curare, a powerful muscle-relaxing drug.

Dr. Jascalevich's lawyers argued that they could not properly frame his defence without access to Mr. Farber's notebooks, and on June 30 the trial judge, Theodore R. Trautwein, ordered that they be given to him so that he could decide whether they ought to be available to the defence.

So far Mr. Farber and the New York Times have been unable to carry the case on the basis of the First Amendment, which guarantees freedom of the Press, and of so-called shield laws passed in New York and New Jersey. Altogether some 26 States have passed such laws which are designed to give reporters the privilege of refusing to disclose in court information obtained through news gathering.

If the shield laws ultimately fail to protect Mr. Farber and the New York Times, both the effectiveness of these statutes and the constitutional ability of newspapers to withhold confidential information will be seriously questioned.

Judge Trautwein yesterday jailed Mr. Farber until he handed over the confidential materials and sentenced him to an additional six months in prison to begin after he complied with the court order. He was also fined $2,000, while the Times company was fined $100,000 and an additional $5,000 for each day until it complied with the court order.

Seven hours later a New Jersey Supreme Court judge stayed the criminal penalties—six months' imprisonment for Mr. Farber and $100,000 fine for the Times

U.S. COMPANY NEWS

Japanese payments lift Lockheed; Overseas strength boosts Xerox; Colonial Stores launches bid defence—Page 17

S. Africa anger delays UN Namibia debate

BY OUR OWN CORRESPONDENT

UNITED NATIONS, July 25.

THE UPROAR in South Africa over a proposed Security Council resolution that would in effect reject that country's claim to permanent sovereignty over Walvis Bay today delayed the start of the Council's formal examination of the Western plan for a Namibia settlement.

Mr. Sam Nujoma, president of the South West African People's Organisation, at whose insistence Walvis Bay has become the subject of a separate draft resolution designed to persuade him to implement the first phase of the proposed settlement, conferred here urgently today with African members.

Meanwhile, all 15 Council delegations were holding further consultations tonight, hoping to be able to agree on procedures for the start of the formal public debate tomorrow morning.

Mr. R. F. Pik Botha, the South African Foreign Minister, is due in New York tomorrow, having first announced the cancellation of his planned trip and then changed his mind. Whether his decision to come after all to the UN means any softening in the South African attitude remains to be seen.

The Prime Minister, Mr. John Vorster, in letters to the U.S., Britain, France, Canada and West Germany, the Council's Western members who negotiated the Namibia settlement, is said to have threatened to withdraw his April 25 acceptance of it if the Walvis Bay resolution goes through.

While they acknowledged the seriousness of the threat and the risk that 17 months of patient negotiations with South Africa and Swapo might come to nothing, Western officials said today they still felt the odds favoured implementation of the settlement.

The draft resolution to which the South Africans take such violent exception would in effect make it the price of Mr. Nujoma's acceptance of the Western plan.

It goes far beyond what the West would normally have agreed to, but, according to them, does not really prejudice South Africa's right to retain Walvis Bay, Namibia's deep-water port, pending negotiations on its future with a free Namibian government.

Yet Mr. Vorster and his Cabinet colleagues are said to consider it a "double-cross." They seem to have thought that Walvis Bay, which is not mentioned in the settlement text, would not become a major issue in the Council discussions.

However, it was always a big political issue for Swapo, and Mr. Nujoma and his backers, including the Soviet Union, are not expected to accept any watering down of the present text.

This would have the Council decide to "lend its full support to the initiation of steps necessary to ensure early reintegration of Walvis Bay into Namibia," and to declare that, "pending the attainment of this objective, South Africa must not use Walvis Bay in any manner prejudicial to the independence of Namibia or the viability of its economy."

The resolution would not be mandatory. Nevertheless, the South African Government is clearly alarmed by the Western attitude.

Mr. Donald McHenry, an American ambassador to the UN, who was the principal Western negotiator, said he still believes Pretoria will co-operate in carrying out the settlement proposals, which call for United Nations supervised elections leading to Namibian independence. But he acknowledged it would be touch and go.

Interestingly enough, while it was Swapo that until this month threatened to make a final accord impossible, Mr. Nujoma now has become the "good guy," and Mr. Vorster the potential spoiler.

As well as the controversial Walvis Bay text there is a proposed resolution to request the UN Secretary-General, Dr. Kurt Waldheim, to appoint a special representative "in order to ensure the early independence of Namibia through free elections under the supervision and control of the United Nations."

This resolution, which both South Africa and Swapo approve, would further ask Dr. Waldheim to submit an early report on his recommendations for implementing the settlement and urge all concerned to "exert their best efforts towards the achievement of independence by Namibia at the earliest possible date."

South Africa had hoped to bring this about by December 31 next, but all the delays in negotiations have made that deadline hardly attainable. Some Swapo people talk of nationhood for Namibia by next may. Mr. McHenry is said to feel that February or March is a realistic target.

If the South Africans stand by their April agreement and the Western plan goes through, Dr. Waldheim will send a team of about 40 officials to Windhoek to survey the situation and report back for further Council action about mid-August.

Mr. Martti Ahtisaari, of Finland, is his choice for UN special representative. The Secretary-General is looking for a commander for the UN force that would take over the main responsibility for maintaining law and order in Namibia during the election campaign. This officer probably would be in the advance survey team.

A force of at least 5,000 officers and men, supplied by small and medium-sized countries, would be set up. More than 1,000 UN officials would be assigned to the civilian operation. Their exact role has yet to be determined.

John Stewart adds from Capetown: Western diplomats in Pretoria are satisfied that the South African government now has a better understanding of the background and purpose of plans to pass a separate resolution on the Walvis Bay enclave in the Security Council.

It has apparently been made clear to South Africa that the resolution, which pledges international support for steps to reintegrate Walvis Bay into Namibia, in no way represents a legal commitment to take such steps until an independence government has been installed in the country.

Although South Africa may still have reservations about the wording of the draft resolution, Western governments have been at pains to make it clear to Pretoria that it is not a coercive document.

In its initial reading of the draft resolution, the South African Government appears to have seen the implication that the Walvis Bay question had become part of the independence proposals and that the reintegration of the port should take place immediately or during the transitional period.

What the wording implies, in fact, is that the Security Council will support a Namibian independence government in steps to have the port reintegrated. South Africa has been told that reintegration aplies to a future situation which can clearly only arise after successful implementation of the settlement proposals now accepted by both South Africa and SWAPO.

WORLD TRADE NEWS

How S. African exporters evade Middle East trade boycotts

BY BERNARD SIMON, IN JOHANNESBURG

CURRENT EFFORTS to cut off South Africa's oil supplies have spotlighted its trade links with the Middle East. Although oil imports, valued at around R1,300m (about £812m) a year, make up the bulk of South Africa's trade with the region, it is the other R100m of annual non-oil trade which most taxes the initiative and ingenuity of South African businessmen.

With the exception of Iran, Turkey and Lebanon, all Middle East countries (with the exception of Israel which has strong trade links with South Africa) have announced official and often strongly enforced boycotts of South African goods.

Obstacles

Johannesburg traders report that, if anything, the boycotts are being tightened. For one thing, Government officials in the Middle East, especially expatriates, are becoming increasingly aware of traditional sanctions-busting tactics such as non-identification of the source of goods.

In the past it was usually sufficient to register a company in Botswana, Swaziland or Mozambique, rent a post box there and arrange bogus certificates of origin for South African-produced goods.

However, Arab officials are apparently now better versed on what South Africa's neighbouring states do and do not produce. The abrupt departure earlier this year of an Arab consul based in Maputo has been linked to his willingness to certify South African goods as of Mozambique origin.

Nevertheless, despite these obstacles, about a dozen South African trading houses are actively doing business with so-called boycott countries. The men involved are obviously reluctant to disclose details of the nature or the methods of their business.

Although one trader claims that his annual sales to Gulf States total about R5m, many prefer to restrict their operations in the region. For instance, the export manager of a company which sells engineered building materials asserts that his business consists mainly of repairs and additions to others' contracts. "We would hate to get a major share of the Arab market," he observes. "If we did, our competitors would put questions into our customers' mouths."

The most common avenue to success is through personal contacts. Several traders claim to have easy access to Arab Cabinet Ministers. As a director of a scaffolding company noted at a recent export seminar in Johannesburg: "If you've got the right contacts, you don't have to abide by the rules."

The variety of South African goods finding their way to Saudi Arabia, Kuwait, the United Arab Emirates, Jordan and occasionally to other Arab states is vast. Kuwait last year bought hundreds of thousands of tons of building material. Timber exports to most of the Arab states have soared in recent years.

Fresh fruit and vegetables as well as processed and canned foods are ordered in relatively large quantities from South Africa. Frozen chickens and eggs are regularly carried to states such as Bahrain and Dubai. And shipping lines openly advertise their calls at ports such as Dubai, Kuwait, Doha, Basra and Dammam.

A South African company is also hoping for a lucrative order for transport equipment from Jordan. One executive says that the Jordanian boycott, imposed last December, is not a general one. "It all depends where the money comes from," he observes, referring to the fact that projects funded by Western countries are easier to get a share in than those financed by the oil states.

Imbalance

There is also a fear that any substantial involvement by countries such as Saudi Arabia in the reconstruction of Lebanon—where South Africa still maintains a low-profile diplomatic presence—could lead to a break with Pretoria. For the present though, trade with Lebanon is insignificant, consisting of little more than irregular sales of timber and glass.

The trade balance with the Arab countries is heavily in South Africa's favour. Southbound trade is virtually non-existent, although it is possible that a trickle of Arab oil reaches South Africa. Iraq remains by far South Africa's largest Middle East trading partner. It supplies at least 90 per cent of the Pretoria Government's oil imports, and has repeatedly said that it regards oil sales as commercial, and not political, transactions. The national Iranian Oil Company in fact has a one-sixth stake in the Natref refinery at Sasolburg in the Orange Free State.

Iran bought R54m worth of South Africa ngoods in 1975-76, compared to R30m two years earlier and this volume has probably continued to rise. The two countries' consulates in Tehran and Johannesburg include trade promotion officers on their staff. Another indication of the expansion of non-oil trade is the doubling of shipping services between Durban and Iranian ports in the past few years. Four lines now offer regular sailings.

South Africa's main success in the Iranian market has been in the field of building materials. A R11m cement order was concluded earlier this year, while a joint steel marketing venture, known as the Iscor Iran Company, has been set up. Other major exports have included BMW cars, citrus, hides, wool, chickens, refractory materials and electronic components.

Since the then Minister of Economic Affairs, Mr. Owen Horwood, visited Paris and Tehran in quick succession in mid-1975, there has been considerable speculation about French-Iranian-South African co-operation on nuclear matters, including reports that Iranian oil sales to South Africa are partially paid for with uranium.

Military

Many observers believe that military co-operation is one of the cornerstones of South Africa's relations with Israel. It has been reported for instance, that Pretoria has bought a wide variety of military hardware from Israel including Gabriel surface-to-surface missiles.

What is no secret is that commercial links between Pretoria and Tel Aviv have become increasingly close since the visit of South African Premier John Vorster to Israel in 1976, only in recent months has this been reflected in official trade figures, however.

Non-military imports from Israel last year totalled R15.3m which was in fact R1.5m below the 1976 figure. Likewise, exports stagnated at around R30m. During the first four months of this year, however, trade has soared. According to Israeli figures, imports have jumped from R6m to R9m since January-April last year.

Shell drops Indonesia coal plan

BY CHARLES BATCHELOR

AMSTERDAM, July 25.

ROYAL DUTCH SHELL has pulled out of a joint coal mining project with an Indonesian company and written off investments of $50m.

Shell, which has plans to become a major international trader in coal, said this will have no impact on its long term planning. This set-back is the equivalent of shutting down a dry well in oil exploration, it said.

The quality of the coal reserves totalling "several billion tonnes" in Southern Sumatra was apparently not good enough. The coal was too damp and would have had to be upgraded before being exported. This would have made it uneconomic at today's prices, which are low through oversupply.

The total value of the joint project with the Indonesian state coal company Tambang Batubara was estimated at around $1.2bn when the contract was signed in 1975, although Shell has always refused to confirm this figure. The coal will now be used for domestic consumption in power stations in Indonesia. The Indonesian company's loss on the venture is difficult to quantify since its contribution was in the form of providing facilities and concessions, Shell said.

Shell may review the situation after 1985 but no change in the export potential of the Indonesian coal can be expected until then.

Shell only moved into coal exploitation and trading in 1974 and this division accounted for only £28m or 1.3 per cent of capital expenditure last year. It has, however, ambitious plans to increase volume turnover to 15m tonnes in five years time from nearly 1m tonnes last year with a possible doubling to 30m tonnes over 10 years. Total investment over the next 10 years is put at $1bn.

Shell last year expanded its coal operations which at present involve exporting coal from the U.S. and South Africa to Europe. Construction has begun at the Rietspruit open cast mine in South Africa in which the company has a half share. It plans ultimately to export 5m tonnes of coal a year starting in 1979. It also acquired two Australian mine and exporting companies—Thiess Holdings and Austen and Butta—as well as the entire share capital of Seaway Coal of Ohio and Crows Nest Industries of Canada which has substantial interests in undeveloped reserves of coal in British Columbia. Outside North America, production of the various coal companies in which Shell has a substantial shareholding totals about 10m tonnes a year.

Arab plan for S. Seas investment

SUBSTANTIAL Arab investment in the south sea island of Tonga—the Friendly Isles—is being discussed, Dai Hayward writes from Wellington. The Tonga Minister of Commerce, Baron Vaca, recently in Wellington for talks with the Egyptian Ambassador on possible Arab investment by a number of Middle East countries, has confirmed this.

One project is a bulk oil depot to enable Saudi Arabia to deliver refined oil direct to customers in the Pacific region. An initial approach on this project has already been made to the Tongan Government.

Arab investment in the tiny underdeveloped Pacific kingdom would be through the Arab League. Four banks, Arab International, Afro-Arab Development Bank, Arabec Development Bank and the Bank of Abu Dhabi, are anxious to co-operate.

Former Saudi Finance Minister, Prince Nawaf Ben Abdul Aziz, who now represents Saudi corporations and banks as well as the Government, will visit Tonga in the next few months for further talks.

Hong Kong's exports down

By Anthony Rowley

HONG KONG, July 25.

TOTAL EXPORTS fell by just under 3 per cent to HK$ 4.4bn in June compared to May, while imports rose by HK$ 44m to HK$ 5.1bn. The visible trade deficit increased by nearly one third, to HK$ 696m as a result.

Domestic exports in June fell by just over 1 per cent to HK$ 3.3bn while re-exports were nearly 8 per cent down at HK$ 1.1bn.

June's figures bring the visible trade deficit of the Colony in the first six months of 1978 to HK$ 4.8bn — an increase of 59 per cent over the deficit for the corresponding period of last year.

At around 20 per cent, the rate of growth in imports during the first half of this year has been roughly double that of domestic exports although re-exports grew at nearly 20 per cent. Re-exports represented only around a quarter of total exports however.

Sanctions threat to shippers in Nigeria

BY IAN HARGREAVES AND MARK WEBSTER

UK SHIPPING lines serving West Africa are seeking urgent talks with the Nigerian and other governments following threats of severe sanctions against the lines in retaliation against a 25 per cent increase in freight rates imposed in February.

Mr. Peter Earlam, chief executive of the UK West Africa Lines joint service, said last night that he regarded recent developments as "very serious."

The lines have been given four weeks by Nigeria to reduce the rate increases and although a meeting is being sought in August, this is unlikely to provide sufficient time for a full negotiation between the shipping lines and the maritime committee of Ministerial Conference of Central and West African States, with which they negotiate.

Sanctions proposed include the withdrawal of special berthing facilities for UKWAL and a surcharge equivalent to 150 per cent of the freight on board value of cargo, which could be as much as £5m for a ship with a 13,000 freight ton capacity.

Such measures would clearly make continued trading impossible.

The row between UKWAL and the African states has been brewing for many months, but was aggravated by the February rate increase. Similar sanctions have already been proposed by other African states, notably, Ghana, but the Nigerian announcement is regarded as critical because 80 per cent of UKWAL's trade is with that country.

The situation is complicated by the fact that three of UKWAL'S members are African State-owned lines, and one possible outcome is that these lines will simply leave the consortium and undercut official rates. The other members are Palm Line and Elder Dempster (part of Ocean Transport and Trading) of Britain and Hoegh Line of Norway.

UKWAL says the rate increase was justified to cover higher port and stevedoring charges and the falling value of sterling.

U.S. exports to USSR

The U.S. Commerce Department has delayed until later this week publication of regulations to control export of oil-related equipment to the Soviet Union, reports AP-DJ from Washington. The department had planned to publish the regulations yesterday, but did not finish writing them in time, a spokesman said. President Carter last week ordered the Department to place the equipment under export controls in response to the trials of Russian dissidents and U.S. newsmen. Under the control system, sales to the USSR will be subject to review in a licensing procedure.

Japan may join Boeing project

Boeing has confirmed a report that it expects to sign an agreement next month with a Japanese consortium which will help pay development costs for Boeing's new 767 airliner, reports Reuter from Seattle.

The Japanese will contribute about 15 per cent of the costs and also build parts of the aircraft's wings and fuselage. Observers estimate the cost of the 767 project at $2bn.

Honeywell deal

Honeywell's West German subsidiary, Honeywell Sondertechnik, has been awarded a $26.7m contract for production of high performance infra-red scanning systems for aircraft by the West German Air Force, reports AP-DJ from Minneapolis. The contract is for 91 infra-red reconnaissance sets.

Salonika fair goes ahead

BY OUR OWN CORRESPONDENT

SALONIKA, July 24.

TWENTY countries and the UN have so far declared participation in the 43rd International Trade Fair of Salonika, to be held from September 10-24.

Mr. George Panayotopoulos, the Greek Minister of Commerce, says the earthquake which hit this northern industrial city on June 20 caused only minor damage to some of the pavilions. These will be repaired in time for the Fair.

Countries officially participating in this year's trade Fair are: Albania, Austria, Belgium, Bulgaria, Cyprus, Czechoslovakia, Egypt, France, Hungary, Iraq, Italy, Israel, the Netherlands, Poland, Romania, Soviet Union, South Africa, Saudi Arabia, West Germany, and Yugoslavia.

Countries which will be represented through Greek companies include Britain, Denmark, East Germany, Japan, Portugal, Sweden, Switzerland, Spain, and the U.S.

This year the Fair will cover an area of 55,000 sq. metres, more than half of it in the open air.

Meanwhile, preparations are continuing for six branch exhibitions to be held at the fair ground in 1979. These are FURNIDEC, an exhibition of furniture and interior decorating to be held from February 18 to 25; MARMIN, an exhibition of marble and ores early in May; an exhibition for construction materials also early in May; TEXTILIA, an exhibition of textiles and ready-made clothes to be held from May 24 to 28 and again from November 25 to 29, and DETROP, a food and beverages exhibition to be held from November 4 to 11.

The 44th International Trade Fair of Salonika will be held from September 9 to 23, 1979, the organisers said.

Peugeot Yugoslav pact

Automobiles Peugeot, part of the Peugeot-Citroen Group, has announced that it has signed an agreement under the terms of which Peugeot shock-absorbers will be made under licence in Yugoslavia.

Co-signee of the agreement was the Yugoslav shock-absorber company Fabrika Amortizera Pristina, based in the Kosovo region. The Yugoslav company's annual output will be 1.3m units.

Anti-dumping case refused

By Our Own Correspondent

MANILA, July 25.

THE Ministry of Finance has dismissed an anti-dumping protest filed by a local manufacturer of lamp bulbs about imports from Taiwan. In its protest, Complex Manufacturing Corporation had claimed that the imported lamp bulbs were hurting its sales. The items involved are six-volt, 12-volt and 24-volt direct - current incandescent bulbs for meter vehicles and motorcycles.

The bulbs are made of either globular or straight-side glass envelopes with single or double filaments.

In dismissing the protest, the Ministry said there was no proof of injury to the domestic market being serviced by Complex Manufacturing.

S. Korea, Japan deficit

South Korea's trade deficit with Japan almost doubled in the first half of this year to $1.554bn from $830m a year earlier, according to the Korean Traders Association.

The Association calculated that unless Japan buys more South Korean goods in the latter half of this year, the South Korean trade deficit with Japan might exceed $3bn by the year end, up from last year's $1,778bn on a customs clearance basis, reports AP-DJ from Seoul.

Weir fresh water plant

AN ITALIAN subsidiary of the Weir Group is to build two desalination plants at Sirte, Libya, under a contract worth more than £2m. Each plant will extract 1m gallons of fresh water a day from sea water.

The Italian company, Sowit of Milan, will build the plants as part of a bigger power station project being carried out by Italian contracting engineers.

The plants will operate on the "multi-stage flash" distillation process pioneered by Weir, using technology developed in association with Weir Westgarth, the group's specialist desalination company.

HOME NEWS

Water demand 'may slow down by 2000'

BY LYNTON McLAIN

MOVES TO rationalise the "patchwork system of charges" inherited by regional water authorities from local water Boards would mean that in the interim some commercial premises would find they were paying sums out of all proportion to the water services they received, according to a report from the National Water Council.

Lord Nugent, chairman of the council, said there would be a slowdown in demand for water to the end of the century, a rising average age of water systems and a growing proportion of assets which would become dilapidated.

The slowdown in demand was in large part caused by revised, lower projections for the population of Britain.

Lord Nugent said that the water industry was not immune from economic pressures. A point would come when the industry had "virtually no growth and was entirely dominated by the need to maintain the present system."

His comments came in the Water Industry Review 1978, published yesterday, which he said was the most comprehensive and well-documented review of water services ever undertaken in Britain.

The review was written for Mr. Denis Howell, Environment Minister, in response to his call in October for progress towards a national water strategy. It was an important step in putting the industry's issues into a national perspective, but it was not a formal statement of strategy, Lord Nugent said.

Lord Nugent: Review of water services "the most comprehensive ever undertaken."

Planned capital expenditure by water authorities in the current year was £428m, at 1978 prices and excluding land drainage. The industry planned an increase of 17 per cent in real terms over the next five years, subject to Government approval.

This would be 30 per cent less than in the peak year of 1973-74 immediately before the industry was reorganised. The cut reflected the greater efficiency of the reorganised industry.

Almost half (46 per cent) of the £1,150m revenue spending in 1976-77 went on financing depreciation and interest and this was part of the reason why capital spending had to be moderated.

Only 20 per cent of all capital finance in 1974-75 came from internally generated finance. This was "unusually low" and steps were to be taken to raise this to an initial target of 50 per cent. There would be a further review which could conclude that even this was too low.

The amount of money ploughed back into the business, at 15 per cent, was also too low. The assets now employed had a very high current replacement value of £26bn and the possibility of rising expenditure on replacement and renewal indicated that water services were now underpriced.

An increase in self-financing would increase charges in the short run, but would lead to greater stability and a more realistic charging structure. Household bills could rise by about 10 per cent "over a number of years."

The National Water Council and regional water authorities were "on the alert for opportunities to borrow overseas" at terms and rates more favourable than those offered at home by the National Loans Fund.

The industry had already borrowed $800m from the Iranian Government and $300m from the Orion Bank syndicate. Loans from the European Investment Bank now totalled £154m.

Water Industry Review, 1978: National Water Council, 1, Queen Anne's Gate, London SW1H 9BT; £2.

Defence Ministry plans sales push

By Michael Donne, Defence Correspondent

THE Ministry of Defence sales organisation, headed by Sir Ronald Ellis, is planning another big overseas tour this autumn using a Royal Fleet Auxiliary ship fitted out as a floating exhibition centre for UK military goods of all kinds.

Last year, the vessel Lyness visited the Far East and South-East Asia, fitted out with exhibitions and details of the products of up to 50 defence contractors, ranging from aircraft manufacturers to those of small electronics items.

This September, the stores support vessel Tarbatness, 7,800 deadweight tons, will sail to Mediterranean ports in Greece, Spain and other countries, and then to Africa and South America, visiting Nigeria, Brazil and Colombia on the way.

Up to 50 defence contractors are being invited to take part in the trip, with items ranging from Scorpion light tanks, guns, radars, sonars and other items of equipment.

The ship will carry limited exhibitions for each products and will be supported by contractors' teams who will fly to the countries visited for further demonstrations.

The aim is to expand the UK's defence sales, running at more than £900m a year, representing about a third of the total turnover of the defence manufacturing industries of about £2,700m a year.

But, in spite of the apparently high volume of sales, the UK stands well behind the US and Russia in arms sales. The latter between them hold about 75 per cent by value of the total world market in defence sales—called "transfers" by the U.S.—with the UK holding only about 5 per cent.

The aim

The UK's aim is to sell weapons and other items of military equipment overseas only to countries politically acceptable and which are not likely to use that equipment in any aggressive role but purely for defensive purposes.

To help it in its task, the Ministry's defence sales department has established a new commercial wholly-owned subsidiary, International Military Services, which will help to co-ordinate the activities of companies in private industry in winning overseas sales and act independently in seeking sales.

● The Ministry's procurement executive has awarded new contracts to UK companies for various aspects of the defence programme.

Marconi Space and Defence Systems, a GEC-Marconi Electronics group company, has won a project definition and initial development contract for a new radar homing and warning receiver for the air defence variant of the Tornado multi-role combat aircraft.

Racal (Slough) has won a contract to supply a number of transportable satellite comunications earth stations.

MEL, a division of Philips Electronic and Associated Industries, has been awarded a contract for the development of Sea Searcher, a new radar system for the Navy's Sea King helicopters.

Employees with drink problem 'should get more company help'

BY KENNETH GOODING

THE VAST majority of companies will have among their employees people with drinking problems. So companies should take a more rational and pragmatic approach when dealing with these employees, says the Wine and Spirit Association in a booklet published today.

Although individual companies may respond to alcohol-related problems in different ways "it is clear that all should do so within the context of a coherent and fully-considered statement of policy."

This should set out the objectives, nature and procedures involved in whatever company alcoholism programme has been set up.

It should encourage employees to preent themselves voluntarily for advice and should set out clearly the company's point of view on confidentiality, job security, sickness benefits, pension benefits and disciplinary procedures.

The association says that "it is essential that such a policy should be seen to apply equally to all those involved in working for a company and that there should be no discrimination resulting from high status or seniority."

Other recent work on alcoholism has shown that managing directors are 22 times more likely to have a drink-related problem than the average employee. Other high-risk occupations include medical doctors, members of the armed forces, drinks retailers and journalists.

The wine and spirit association says unions should be brought in to discuss the policy document at the drafting stage so that the final version can be seen to represent both interests.

The association adds that neither line managers nor union representatives are likely to have the special qualifications necessary to diagnose alcoholism. "This function should be undertaken by the company medical officer or by a member of the occupational health staff, or by a specially trained senior executive."

Introducing the pamphlet, and another on Drinking and Alcohol Problems, Mr. John Plowman, chairman of the association's social aspects of alcohol committee, said: "Industry has not been facing up to this problem—not only in the UK but in other countries too."

Guidelines for the Formulation of a Company Alcoholism Policy (50p) and Drinking and Alcohol Problems (£1); post free from the WSA, Five Kings House, Kennett Wharf Lane, Upper Thames St., London EC4V 3BH.

Census test details published

Financial Times Reporter

THE OFFICE of Population Censuses and Surveys yesterday published details of preliminary tests which could decide the form of the controversial race or ethnic origin question in the 1981 census.

Field trials since 1975 have suggested a basic form for the proposed race question and further tests involving three new questions and a sample of 1,500 people are being held.

The final form of the question will probably be decided by Parliament after a full mini-census test in April next year involving 60,000 to 80,000 households.

The latest Monitor draws attention to the particular problems encountered with various forms of race question and gives details of tests so far.

The office said the main difficulty remaining with the suggested race question was "the apparent reluctance of some West Indian parents to record their UK-born children as West Indian."

However, it concluded that it was often difficult to determine whether this resulted from misunderstanding the question or from a real objection to describing their children this way. Throughout the tests, West Indians objected most frequently to the ethnic question.

The office said that almost all informants said they favoured, or were indifferent to, the introduction of an ethnic question.

OPCS Monitor. 1981 Census, free: OPCS Occasional Papers 8, 9 and 10, price 80p.

All-in schools inquiry 'would serve no purpose'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

AN INDEPENDENT inquiry into comprehensives would hamper the schools' chances of success, Mrs. Shirley Williams, Education Secretary, said in an official report published yesterday.

"I am convinced that there is nothing that the education system needs more than a chance to build on what has happened and not to be thrown into disarray once again," Mrs. Williams said in her foreword to the report on a Government conference on comprehensive schools, held in York in December.

"I hope that we will not go in for a major independent inquiry into comprehensive schools, because I believe that this would be to pull up the plant just when it is beginning to put out roots."

More schoolchildren soon to qualify for free meals

BY OUR EDUCATION CORRESPONDENT

INCREASES OF about 6 per cent in the net income "ceilings" below which parents may claim free school meals for their children were announced by the Government yesterday.

Given parliamentary approval, the ceilings will take effect on November 13 with the new rates of supplementary benefit.

Families with one child at school will be able to claim a free meal if their income, net of allowances for tax, national insurance, rent or mortgage or similar payments, is below £40.15 a week, compared with the present £38.

The ceiling for families with two children at school will rise from £44.15 to £46.75, and that for families with three at school from £50.30 to £53.35.

Lakes move to ban lorries

LORRIES may be banned from the A591 north-south road through the Lake District National Park.

Cumbria County Council highways committee agreed yesterday that with the A66, north of the national park, able to take heavy traffic from the M6 to West Cumbria, they had a commitment to ban lorries from the A591.

The committee decided that heavy commercial vehicles should be banned except for access from the seven-mile stretch from Grasmere to Thirlspot.

Field offered for £10m as airport

TIBENHAM AIRFIELD, Norfolk, a former bomber base during the war, has been offered for sale for £10m by the owners as an alternative for Norwich airport.

A public inquiry is being held in Norwich into plans for a £5m terminal complex at the city's airport, which is three miles from the centre, and was an RAF station.

Tibenham is 12 miles from Norwich and the owners claim it would make a better site for an airport.

One of the owners, Mr. John Abbot, of Dereham, Norfolk, said yesterday that there was much opposition to Norwich airport because of noise and because of its close proximity to the city.

He claimed that the present airport, on 500 acres of land, could be sold for £40m by Norwich City Council and North Norfolk County Council which own it and the money used to develop Tibenham.

Land at the present airport would solve the problem of finding more housing and industrial space for Norwich.

Farmers 'misuse' hormone drugs

BY CHRISTOPHER PARKES

THERE IS growing concern about farmers who misuse hormone drugs intended to boost beef production. Some inexpert beef producers are not applying these growth promoters properly and may be exposing humans to doses of anabolic steroids and other drugs whose potential dangers are not fully understood.

Government scientists have issued cautious warnings and the British Veterinary Association is uneasy about the lack of control over the use of steroid growth promoters.

Properly used, anabolic agents can increase the growth rate of beef cattle by 15 per cent. About 20 per cent of the British beef herd is treated with these drugs.

Dr. R. J. Heitzman, of the Agricultural Research Council, said: "It is important from a public health aspect that implants are placed in the correct site at the base of the ear so that after slaughter any residues in the tissue immediately surrounding the implant may be disposed of."

His colleague, Dr. Maurice Allen, confirmed yesterday that he had evidence that some farmers were not using the drugs properly. Instead of placing the steroid implants in the ear, they had been putting them in the animals' shoulders and neck.

Sited just under the skin, most of any residue of these misplaced implants should be stripped off with the hide, Dr. Allen stressed, and he emphasised that the risk of humans ingesting significant amounts of steroids was small and should not be exaggerated.

But Mr. Don Haxby, president of the British Veterinary Association, was critical of farmers' medical skills and said that if the implants were not administered properly they could "finish up in someone's Sunday joint.

"Do-it-yourself medicine is not to be encouraged."

He was concerned that little tissue residue testing was carried out as routine in this country.

Dr. Allen pointed out that there were no proper controls over the timing of treatments with steroids. Although farmers were not permitted to treat their stock within a certain period before slaughter, this condition was governed only by trust.

Used on young animals, steroids delay puberty and cause females to develop male characteristics, he noted.

● The use of similar drugs by athletes keen to put on weight also has caused concern. The British Medical Association said yesterday the wide range of side-effects included deepening of the voice and atrophy of the breasts in women.

CBI will oppose worker director scheme

John Elliott, Industrial Editor

; SPLIT between the Govern-
t and the Confederation of
sh Industry over proposed
strial democracy legislation
kely to widen this morning
n leading industrialists meet
Edmund Dell, Secretary for
le.

ney will tell Mr. Dell that
are opposed in principle to
lation providing for trade
n based consultation pro-
res and worker directors.

ney also oppose trade union
ibers being given statutory
ts to such participation
h, they consider, should be
to companies to initiate.

r. Dell is expected to reply
the Government intends to
to the principles of trade
n-based legislation laid
n in a White Paper two
ths ago. Civil servants have
ady started drafting a Bill
h, subject to any interven-
general election, would be
lished shortly after Christ-

r. Dell will, therefore, ask
confederation to co-operate
drawing up ways of making
proposed *legislation* work
ctively.

itical

he Government is sticking to
White Paper principles be-
se *there is now considerable*
le union support for the in-
trial democracy proposals,
n though many union leaders
that the White Paper did
go far enough.

he Transport and General
kers' Union, for example, is
ut to publish a policy docu-
it calling for workers' repre-
tatives to have the same
nber of boardroom seats in
jor companies as share-
lders' representatives. It
ng too far in providing rights
icises the White Paper for
non-unionists to appeal.

'his statement is specially
nificant because it shows that
Moss Evans, the union's new
eral secretary, is continuing
h the worker director policy
eloped by his predecessor,
Jack Jones.

he *Confederation's* official
cy, presented to Mr. Dell in
ocument this morning, is for
k-up legislation covering only
w-Board level arrangements.
significant number of com-
nies oppose even this and the
icy met some strong criticism
n it was put to the Confede-
on's *monthly council meeting*
week for approval.

'he document points out that
Government has said it has
ed to achieve a consensus
the issue.

t says: "The CBI membership
d we believe the country as
whole) is opposed to any
islation in this field which
ther extends the powers and
uence of trade unions and
ich is not based on adequate
nsensus."

uch legislation would only
l to "argument and conflict"
l "without the support of
h managers and employees it
uld not work."

The Confederation wants a
de of Practice, backed by an
ployee Participation Commis-
n, and says that its stance puts
m greater obligation on com-
nies to develop participation
angements voluntarily.

Camp gas hazard fear

ME CAMPSITES in Britain
uld place holidaymakers at
k with unsafe storage and
reless handling of replacement
s cylinders, says the Auto-
obile Association's magazine
ail.

The magazine adds that in
me areas, strict controls are
erated, and sites inspected for
s-cylinder storage safety.

Import substitution call to fibre groups

BY RHYS DAVID, TEXTILES CORRESPONDENT

IMPORT SUBSTITUTION and improved productivity are identified as the two main areas where Britain's man-made fibre producers should take action, in a *National Economic Development* Office sector working party report published today.

The industry, like its European counterparts, has been suffering from world-wide severe over-capacity.

The report, drawn up as part of the Government's industrial strategy, concludes that prospects for increasing exports beyond *the target figure of 45 per cent* of output by 1980 (compared with 41 per cent in 1975) are poor.

A sub-group has already been set up to examine the scope for further import substitution, not only in *fibres but in man-made yarns* and fabrics too. It will be approaching companies to find out where UK manufacturers *are failing* to compete.

Ways in which efficiency could be improved will also be examined, possibly through new manning agreements designed to accommodate the peaks and troughs which occur in a cyclical *industry* like textiles.

The report points out that the industry *compares favourably* with UK *manufacturing as a* whole, but not so well with some foreign competitors.

Faster growth in output per head might be required in the future to maintain competitiveness.

Improvements on imports and productivity are seen as essential if the industry is *to over*come the very severe problems it has encountered in recent years which have brought to an abrupt halt its position as a high-*growth sector* with a 12 per cent a year growth rate between 1963 and 1973.

Since 1973 demand for textiles, as for other products, has fallen and the cost of making fibres from oil-based products *has increased.* There has also been an increase in imports of textiles and garments from developing countries into Europe, so reducing the potential home market.

There has also been a slowing *down in the* rate at which man-made fibres have been replacing natural fibres, with the balance between the two in the UK—roughly 70-30 in favour of man-made fibres—remaining more or less constant since 1973.

Provided the industry increases and improves its efficiency and competitiveness, *the working* party expects production to increase from 563,000 tonnes in 1975 to 635,000 tonnes in 1980. Exports are expected to be 286,000 tonnes compared with 216,000 tonnes in 1975, with imports remaining at around their recent levels.

Man-made Fibre Production Sector Working Party Progress 1978. NEDO Books, 1, Steel House, 11, Tothill Street, London, SW7H 9LH (free).

● Closure faces Bradford College's department of textiles—one of the world's leading textile *training centres.* The end could come within three or four years because of lack of support from the industry, it was claimed yesterday.

Mr. Michael Whitaker, chairman of the governors of the college, said that the department was now largely supported by its overseas students. Without them the classes would collapse completely.

Speaking at a meeting of the Bradford Chamber of Commerce, he said *a complete re-think* was now needed within the industry to decide what they wanted from the college.

At present the machinery in the department was out of date and would cost £600,000 to replace.

Price Commission warns of major losses for London Transport

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

LONDON TRANSPORT could be heading for annual losses of between £30m and £40m unless there are rapid increases in productivity, a Price Commission report warned yesterday.

The Commission has decided not to *oppose the fares increase* of approximately 10 per cent *imposed* last month, and says further fares increases should not be restricted.

In its report, the Commission paints a picture of deteriorating bus services and points to a potentially severe conflict between London Transport and the Greater London Council *because of the latter's decision* to halve revenue support by 1981.

Although the Commission accepts that the council's parallel announcement of higher capital spending to buy improved productivity will have some impact in the medium to long term, it doubts whether the required increase in efficiency from London Transport will be sufficient to make up the necessary leeway in the short term.

Extrapolating from the 1978 budget, the Commission calculates that this could lead to losses as high as £40m in 1981, compared with an *expected* deficit of £9m this year.

The Commission suggests that *the council's guidelines will have* to be flexible in order to minimise convict, given that 80 per cent of London Transport's operating costs are labour charges and that these are expected to continue to rise in real terms because of the competitive labour recruitment *market in the capital.*

In spite of this, the Commis*sion believes productivity* can be improved by maintenance engineers agreeing to weekend working and by more flexibility from bus and train drivers and conductors. It says that further switches to one-man operation on buses are unlikely to yield large benefits.

Buses are the subject of most of the report's criticisms on *quality of service.* It quotes internal London Transport studies showing that passengers are having to wait longer at bus stops and notes that the last generation of double-deck buses are only half as reliable as the previous models built to London Transport design.

It says the latest generation, including the Leyland Titan and Metro-Cammell Metrobus, provide "good prospects of im*proved* reliability and lower maintenance costs."

Improvement of bus services *can only result,* the report concludes, from a "sustained and well co-ordinated effort," involving better productivity, recruitment and traffic management.

The Commission believes that recent evidence of large-scale passenger switches from underground to bus, caused by relatively cheaper fares, could indicate needless duplication of ser*vice on some routes, but applauds* the flexibility of bus-route planning.

London Transport is criticised, *however, for loading* fare increases more heavily on to underground season ticket holders. Further action of this type would be "difficult to justify."

Th GLC is blamed for forcing London Transport to freeze fares for children and old people. Requirements to reduce revenue on social grounds should be covered by special grants, says the report. The Commission also *hints* that the council and the Government should work towards a system of more stable financial support, of the kind made available by Government to British Rail.

London Transport Executive—Increases in Passenger Fares. SO £1.60.

Coca-Cola re-shuffle: two quit

BY KENNETH GOODING

TWO directors are leaving Coca-Cola Southern Bottlers, the Grand Metropolitan subsidiary, as a result of the steps the parent company is taking to rationalise its soft drinks interests and make them more effective.

The group is to merge Coca-Cola Southern, which has the franchise in southern England for the Coke, Fanta, Tab, Fresca and Lilt brands, with Cantrell and Cochrane (GB), the Club *soft* drinks concern of which it took control in January this year.

A new holding company is being formed to own both concerns which will continue to trade separately for a while. But studies have *begun* to *explore* the potential for co-operation.

Mr. Hubert Carter, *chairman* of Cantrell and Cochrane, who will be chairman of the new holding company, CC Soft Drinks, suggested this might involve an exchange of *products,* with each selling the other's *brands and* possibly manufacturing rationalisation.

C and C has plants at Sunbury-on-Thames, Southfields in south London and Southport in the north of England. *Coca-Cola* has its main base at Edmonton *and other units* at Lewisham, Coulsden, Norwich and Bristol.

"All the options open to us will lead to expansion and greater sales so there should be very few redundancies."

As a result of the initial changes, though, Mr. W. T. Riley, managing director of Coca-Cola Southern, and Mr. M. R. Gaines, production director, are to leave the company. It is understood that they are taking early retirement and will receive compensation.

Mr. Carter suggested the studies about the future of the two soft drinks businesses—both profitable operations — would *take at least until the beginning* of next year "to avoid precipitately changing two already successful existing operations."

Grand Met. has owned Coca-Cola Southern for some years because it is a subsidiary of *Watney, Grand Met's brewing* business. But it was only in January this year that Grand Met. took control of Cantrell and Cochrane by paying £2.25m for the 38 per cent shareholding previously owned by Cadbury Schweppes, thus taking its interest in C&C to 67.5 per cent.

By injecting Coca-Cola Southern into the new holding company, Grand Met. will get shares in return and own about 86 per cent of CC Soft Drinks *with Courage,* the *Imperial* Group's brewing subsidiary, having 12 per cent, and another brewing group, Greene King, the other 2 per cent.

Shell wins national management contest

SHELL UK yesterday won the 1978 national management championship. Second and fourth places in the final, played in London, went to IBM teams, with chartered accountants Thornton Baker third, writes Michael Dixon.

The Shell team, which received a £1,000 cheque and subsidiary prizes from Mr. Harold Lever (Chancellor of the Duchy of Lancaster, will represent the UK in September at the annual European management championship in Stockholm.

The winning players, from *left to right,* are Nigel Warner, Steve Phillips, Gijs Surie, Lech Zwierzynski and Geoff Brown.

With only one of the computer-based contest's six trading periods to go, Shell was lying third behind IBM and Thornton Baker in one of the closest struggles in the nine-year history of the championship.

But the Shell players' final decisions on prices, marketing, production and so on advanced their "paper" consumer-durable company to an accumulated profit of £8.1m.

"The Boffins"—one of the *teams of systems analysis* and programmers from IBM at Cosham—finished with £7.9m. Thornton Baker accumulated £7.5m, and the IBM "Isis" team had £7.4m.

The competition is sponsored by the Financial Times, ICL and the Institute of Chartered Accountants in England and Wales, in association with the Confederation of British Industry and the Institute of Directors.

General Motors puts £5m more into UK

BY TERRY DODSWORTH

GENERAL MOTORS is injecting another £5m into its motor com*ponents manufacturing business* in the UK with a two-year programme to expand its oil and air filter plant in Southampton.

The announcement of this investment comes only a few weeks after the company decided to go ahead with a plan to move into seat-belt production in Europe at a factory in Northern Ireland.

It gives another clear indication of the company's intention to expand on the components side of the industry, both to develop its total business and *to build* capacity for a substantial growth in its own car manufacturing.

The Southampton investment involves a £4.3m project to rationalise and consolidate existing facilities while increasing output of oil filters from 13m units to 20m.

Steady jobs

A further £800,000 is being spent on expanding the injection-moulding facilities by 50 per cent, improving plant heating and on an energy conservation programme.

The company, which trades *under the AC Delco* name, said yesterday that the plan would ensure continuing *employment* for the 1,500 workers at Southampton

There is a clear possibility of an eventual expansion in employment since the investment plans should consolidate the company's *aim to become the leading* automotive filtration manufacturer

Investments of Welsh agency now £9.1m

By Our Welsh Correspondent

THE Welsh Development Agency's investments in industry totalled £7.6m involving 80 businesses during the first two *years of its operations.*

Disclosing this in its annual report, published yesterday, the agency said that its investments included its first £1m stake in a single company—John Williams Foundries of Cardiff—and its *first majority holding in a Welsh* enterprise—60 per cent of the equity of a new company, Williams Automatic Revenue Control, of Wrexham, formed to *manufacture* a new type of ticket-vending and security gate *system.*

The agency also spent £14.8m in the last financial year on industrial estates and premises.

Commenting, Mr. Ian Gray, *managing director of the agency,* said that since the end of the financial year, the total investment figure had risen to £9.1m and a further 53 factories throughout Wales totalling 440,000 square feet of space had been allocated *to* incoming businesses.

Big rise in brick production last month

By Our Own Correspondent

BRICK PRODUCTION rose substantially in June, according to provisional figures yesterday from the Department of the Environment.

Production during the month totalled 444m, against 402m in May and 435m a year earlier. In *the months April to June,* output was 3 per cent lower than in the preceding quarter and 7 per cent down on the corresponding period in 1977.

According to the department, deliveries to customers in June also rose, from 481m in May to 521m. A year before, they reached 435m. In the latest quarterly period, deliveries were 16 per cent up on the previous three months and 8 per cent higher than a year before.

At the end of June, brick stocks stood at 820m, 77m less than in May. They were 5m higher than in June 1977, however.

Cement deliveries in the UK averaged 321,000 tonnes a week during June, a rise of 15,000 tonnes weekly from May and of 25,000 tonnes from June 1977. Production, at 329,000 tonnes a week, was up by 4,000 tonnes weekly on the month before.

Stocks of cement at the end of June stood at 294,000 tonnes against 322,000 tonnes *in May* and 319,000 tonnes a year earlier.

NATIONAL COAL BOARD ANNUAL REPORT

Ezra gloomy over immediate future as mine costs rise

BY JOHN LLOYD

THE COAL industry is in trouble again, Sir Derek Ezra, the National Coal Board's chairman, admits to some gloom over the immediate future.

He writes in the board's *annual report, published yesterday:* "Financial prospects for the *year 1978-79 show signs of* increasing difficulty. Costs continue to rise. At the same time the market weakness in the key sector of coking will continue to depress revenue.

"The industry undoubtedly faces a demanding task in maintaining viability in such circum*stances.*"

Viability was defined by Sir Derek as everything over break-even. Break-even is not a simple concept in itself—as has been seen in recent weeks when the rash of nationalised industries' reports show that creative accounting can knock large sums *off otherwise vast profits* by supplementary depreciation for *inflation.*

In the coal board's case, it has not gone in for any of the "fancy accounting procedures," as Sir Derek robustly dismissed them. It depreciates its assets *on the* basis of historic cost as it has *always* done and it will wait until some generally accepted standard of accounting emerges before it does otherwise.

But, it does seek to be 50 per cent self-financing. Last year it was over 37.5 per cent self-financing, *a fall on the previous* year's 44 per cent. But that 37.5 *per cent has meant* that £126.6m was retained in the business.

Sir Derek was not optimistic about meeting the 50 per cent *target this year.* "*It depends on* productivity. If we can get a general productivity increase of 3 per cent, we might do it. If we don't. we wont."

Just nine months ago extra productivity, to be achieved through the miners' incentive scheme, was being billed as the industry's saviour. In practice it has been less dramatic. While increases of 9 per cent in produc*tivity are being registered for* face workers, and over 12 per cent for those working on drive-ages (tunnels to fresh workings) the general rate for all Coal Board workers is still only 1.5 per cent better than *before the* agreement.

There have been a number of little local difficulties, which have contributed to this low rate, but the point is that the incentive scheme is about effort, not *about production. This means* that miners on difficult seams sometimes can get paid more for digging less coal than those on easier seams.

It remains to be seen if in the long run the scheme can be seen to work: Sir Derek thinks that 9 per cent *improvement* at the face is a good start.

A much more intractable problem is at the marketing end. Coking is certainly the biggest *headache in the short run.* The disposals of coking coal over the past financial year *stood at less* than 14.5m tonnes, down more than 3m on the previous year and about 5m down on what the board had come to regard as its normal levels.

The three secondary markets —*domestic, industrial and,* a long way behind, exports—are almost unchanged from the previous year: only exports show a significant rise, from 1.3m to *1.5m tonnes.* It *is the elec*tricity market, which really counts—and thereby hangs the most delicate problem of all.

The electricity industry—the Central Electricity Generating Board and the South of Scotland *Electricity Board—will take just* more than 80m tonnes of coal this year, up by 4.5m tonnes on the year just passed. But much of that is being put into stock: it is not being burned. The *negotiations* between the coal board, generating board and Government are aimed at trying to get the power stations to burn more now.

In the first quarter of the current financial year, sales to the electricity industry stood at 20.75m tonnes: however, the *coal burn stood* at *only* 18.5m tonnes. If this kind of shortfall —with its obvious implications for rising stocks—continues, the generating Board and the Scottish Board will obviously not buy the same level of coal again in 1979, because they will have plenty in hand.

Oil looks good at the moment, because of the OPEC price freeze and the depreciation of the dollar: coal will have to be made considerably more attractive to compete and to rise up sufficiently in the Board's merit order *for sales not to fall.*

It is fair to surmise that coal *throughout* the UK *may* well attract next year the kind of subsidies it does in Wales and Scotland. About £5.4m has been spent on these subsidies. The Government is much behind the coal industry on this issue and *Sir Derek probably has little to* worry about. But the price to be paid may be considerable.

The message of the report is one which has begun to be apparent over the past few months. It is that while the *industry* remains on a much higher level than before the *1974 Plan for Coal—now supple*mented by the next phase, Coal to the Year 2000—significant problems are showing themselves and will call for stringent action, not just from the board, but from the Government, too.

The board is facing a future where oil supplies will be diminishing, where gas will be expensive and where nuclear power will almost certainly not fill the energy gap—but *that* stage begins in the late 80s at the earliest, and possibly not even until the 1990s.

NCB COAL SALES BY MARKETS
Million tons

	1977/8	1976/7
Power stations	75.7	75.1
Coke ovens	14.5	17.8
Industry	10.8	10.8
Domestic	7.7	7.6
Manufactured fuel plants	3.2	3.2
Other inland markets and own use	4.4	4.2
Exports	1.8	1.5
Total	118.1	120.2

Pensions trend forces break in 150-year link

News analysis: Eric Short reports on Standard Life's withdrawal from Canada

TANDARD LIFE Assurance's
ecision to cease trading in
anada, after nearly 150 years of
perations there, took the *life*
ssurance market by surprise.

The company had an office in
uebec before it had one in Lon-
on and its ties with the country
ave been strong. Sentiment
part, its business has grown
apidly in recent years *and has*
een paying its way. All seemed
ell, at least on the *surface.* But
here was a different picture
ehind the scenes.

Most of the recent growth in
usiness has been in pensions.
he company has always been
lominant in company pensions,
rimarily through non-profit
chemes providing high financial
uarantees. Because of the
rowth of that business, the
Canadian portfolio *has become*
ery much out of balance
between individual life and com-
pany pensions.

That, as long as the Canadian business was treated as part of Standard Life's overall portfolio, was acceptable. The UK policyholders provided the necessary asset backing to cover the high financial guarantees, and the profits from its *non-profit* pensions business enabled the company *to* declare a very competitive bonus rate on its with-profit individual business.

However, fashions *change in* pensions. Guarantees have to be *paid for and many employers* are now prepared to carry the *guarantee* themselves rather than looking to the life company to provide it. Employers want the life company to provide investment management services only, and the *managed-fund concept,* under which pension funds buy units in various funds managed by the *life company, has grown* in popularity in Canada.

Standard Life's *experience* has been no exception. A third of its Canadian *assets* are in managed funds. That changes the *look of the situation.*

There is no need to boost the underlying asset backing, because managed funds are by nature *self-financing.* But the profits from pensions business of this kind are *much* lower than those available on non-profit schemes. The life company charges for its services, out of *which it has to meet its manage*ment expenses, and business is very competitive.

Had the trend towards managed funds continued, Standard Life would not have been able to maintain the bonus level on *individual with-profit business* and keep its existing branch network. Life business has a high expense ratio; the individual life market in Canada has been dull for years; and there is no prospect of improvement.

Standard Life would have been faced with three options, had the profits from pension *business* declined—a potential hazard that had not occurred.

It could cut its branch network, saving on administration expenses to the detriment of existing staff. Or it could cut the bonus rates, undermining its competitive position. Or it could *subsidise the bonus rate* from profits belonging to UK policyholders, thereby undermining its competitive position in the UK.

A fourth possibility was offered by Manufacturers Life Insurance Company. Standard Life was offered the chance to transfer the business to another life com*pany and cease operations.*

That is the course the company has taken, in the hope that it will satisfy everyone.

Canadian policyholders have a guarantee of the bonus on their contracts for the next five years. The existing staff have a guarantee of employment. Since there *are more than enough assets in* Canada to cover the liabilities, including the guarantees, UK policyholders need pay nothing.

In addition to the business arguments, Standard Life appears to have become steadily more disenchanted with the regulations imposed by the authorities in Canada and by the particular drawbacks to operating in Quebec Province. *The decision* of Sun Life of Canada to move its head office from Montreal to Toronto because of the new language laws indicates difficulties facing life companies that are not effectively running separate operations in Quebec. Manufacturers Life, in particular, has made its Quebec operation almost completely francophone.

Jane Austen Ms sold for £38,000

SALEROOM

BY PAMELA JUDGE

JANE AUSTEN'S autograph *manuscript of The Watsons* was told to an anonymous buyer for £38,000 at Sotheby's, London, yesterday, against a top estimate of £35,000.

All other known literary manuscripts by Jane Austen are either *in public collections or have* been sold recently through the *same* house. Yesterday's manuscript was newly brought back to England from Canada where Joan Austen-Leigh, a descendant of the author, was the owner.

The deal was one in the second day's *sale of similar items which* totalled £118,034 bringing the *two-day sum to £291,667.*

Alfred Edward Housman's autograph notebook containing notes and drafts for passages of his 1933 lecture The Name and Nature of Poetry was sold to G. S. McManus of Philadelphia *for £5,500* and another notebook containing Characteristic Objurgations Saved up for Future Use was bought by the same dealer at £4,200.

Dickens's autograph inventory *of the library and contents* of his house at Devonshire Terrace, London, attracted £3,500 from a private buyer. Many Scots will be hoping that Colin Franklin, of Abingdon, was acting for some fellow interests when the dealer *gave £2,500 for Burns's break*fast table.

*Locks of Byron's and Brown*ing's hair went for £100 and £220 *respectively to anonymous* buyers. A letter by Benjamin *Haydon* arranging the first meeting between Keats and Wordsworth fetched £1,200 from D. Katz. Eton College Library was successful at £1,450 for a collection of letters and letter-cards by Thomas Hardy.

Oriental ceramics and works of art sold by the same house made £38,753. The highest price was £920 for a blue glazed Swatow dish of the late Ming dynasty. Sotheby's Belgravia auctioned *Victorian* paintings, drawings and watercolours to the sum of £37,423, and the major price was £750 for a shipping scene.

One of the more bizarre items to go through London yesterday was at Christie's where the Aretians Rugby Football Club of Bristol sold its club trophy—an Ejagham skin - covered wood head. The trophy had its origins with the Ekoi *tribe of the Niger* River delta and it was bought for £550 by Ian Auld.

The sale of tribal art realised £22,925 and included a Peruvian gold funerary mask at £1,150. *Sold by Lord Astor of Hever, two* gold snuff boxes went to Blenheim Antiques for £9,000 each in a sale of objects of vertu and Russian works of art.

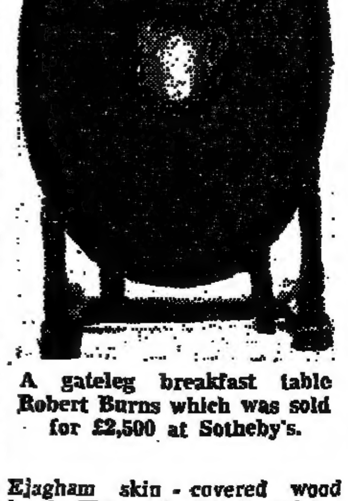
One box was in the form of Napoleon's hat and the other was painted to depict an artist's studio with the sitter posing as Diana and a protesting Cardinal to one side. A collection of chess *sets made £5,956 between them.*

The sale by Christie's of the remaining contents of Eastwell Park, Ashford, Kent, finished *yesterday—making £41,121 on* the day and bringing the two-day total to £222,163.

Panelling in the sale fetched *£5,876 and Continental interests* bought two collections of copper jelly moulds at £520 and £280.

At Christie's, London, jewellery was sold for £20,436. A diamond scroll design ring with two large solitaires went for £2,500.

A French silver canteen for 12 people made £2,500 at Bonhams where all the silver totalled £32,193. A pair of Armada flagons were bought for £1,900 and a four-piece Art Deco tea set on a matching tray was sold at £1,500.



A gateleg breakfast table Robert Burns which was sold for £2,500 at Sotheby's.

LICENSING AND SUPERVISION OF DEPOSIT-TAKING INSTITUTIONS

Stronger powers for the Bank

TWO DRAFT Bills published by the Government yesterday cover the supervision and regulation of banks and deposit-taking institutions, and credit unions.

It is intended that they should be introduced as soon as Parliamentary time permits, and could be amalgamated to form a single Bill.

Meanwhile, the Government has invited comments on the texts of the two draft Bills, particularly related to technical aspects. The general policy which they embody has already been subject of wide consultations, but the Government said it was also willing to consider further general representations.

The draft Banking Bill is intended to give effect to the policy which was set out in the White Paper, the Licensing and Supervision of Deposit-Taking Institutions, which was published in August 1976.

Its main provisions confirm and strengthen the position of the Bank of England as the supervisory authority; they set up a two-tier system of banks and licensed deposit-taking institutions; they limit the use of the name "bank"; and they set up a new deposit protection fund to help small depositors in institutions which meet difficulties.

Exceptions

The Bill provides that it will be an offence for institutions to take deposits unless they have a licence to do so from the Bank or have been recognised as a bank by the Bank.

The criteria for recognition as a bank, or for being licensed, are set out on a separate schedule to the Bill (schedule 2) and there will be a number of exceptions from the prohibition on deposit taking which are listed in Schedule 1.

The basic definitions of the Bill are drawn in such a way as to exclude from the scope of the prohibition such transactions as advance or part payments in respect of goods and services, borrowing from recognised banks and licensed institutions themselves, transactions within a group of companies and issues of debentures and similar securities by ordinary trading companies.

Reports by Michael Blanden

The primary banking sector has long been supervised by the bank on a non-statutory basis, and the bank has recently in evidence to the Wilson Committee on the financial institutions emphasised its view of the value of this kind of supervision.

In recent years the bank has informally extended the range of its supervision, largely as a result of the problems thrown up by the fringe banking crisis, to a number of other deposit-taking institutions.

The Bill will give this supervision a statutory basis and will extend it further, with only a few exceptions, to all institutions which take deposits from the public.

The main exception will be the building societies which are already subject to regulation by the Registrar of Friendly Societies.

Further discussions are in progress about the legislation which will be needed to bring the building societies within the scope of the EEC directive on credit institutions. This requires a licensing system to be set up for all deposit-taking institutions.

The Bill sets out criteria and procedures for the recognition and licensing of banks and deposit-taking institutions by the bank. It covers the reasons for and the ways in which recognitions or licences can be revoked or made the subject of conditions.

The Bank is required to make an annual report to the Chancellor of the Exchequer on its activities under the legislation and the principles on which it acts in applying the criteria set out. Every report will contain a list of the institutions recognised or licensed under the Act at the end of the financial year at the end of February.

Appeal

The draft Bill provides for an appeal procedure by any institution which is aggrieved by a decision by the Bank to refuse recognition or a licence, to revoke recognition or a licence or to give directions to an institution.

The appeal will be to the Chancellor. There will be a further appeal on points of law to the courts. The Bill also provides for close protection of the strict confidentiality of information obtained for the purposes of the legislation.

The Bill also sets out the duties of licensed institutions to notify changes of directors and to make audited accounts available for inspection.

At the same time, it gives the Bank powers to obtain information and require the production of documents, and to appoint "one or more competent persons to investigate the report to the Bank on the state and conduct of the business of the bank or institution concerned, or any particular aspect of that business."

The draft Bill sets out provisions covering and restricting the use of banking names. As a general rule, only recognised banks will be allowed to use banking names or otherwise to describe themselves as banks or bankers.

Other institutions allowed to use the name include the Bank itself, a trustee savings bank, the Central Trustee Savings Bank and the Post Office, in the exercise of its powers to provide banking services.

The provisions do not, however, prevent licensed deposit-takers from using the term bank where this is necessary for the purposes of other statutes, such as the right to claim the protection of the Cheques Act.

There is also a special provision covering savings and municipal banks, allowing them to use a name or description indicating that they carry on a banking business provided that they make it clear that the institution involved is a savings bank or a municipal bank.

This provision covers the National Savings Bank, any penny savings bank, savings banks established before July 28, 1863, under a special Act applying to Scotland which has not since become a trustee savings bank, and the British Railways Savings Bank.

The Bill also contains provisions aimed at the control of misleading advertising. These allow the Treasury, after consultation with the Bank, to regulate the issue, form and content of advertisements inviting the making of deposits, by statutory instrument.

Misleading

Subject to certain conditions, if the Bank considers that an advertisement for deposits issued or proposed to be issued by a licensed institution is misleading it may give the institution concerned a direction under this section of the Bill.

A section covering fraudulent inducement to make a deposit provides for a sentence of up to seven years, a fine, or both under the legislation.

This covers "any person who, on or after the appointed day, by any statement, promise or forecast which he knows to be misleading, false or deceptive, or by any dishonest concealment of material facts, or by the reckless making (dishonestly or otherwise) of any statement, promise or forecast which is misleading, false or deceptive," induces or attempts to induce another person to make a deposit or to enter into or offer to enter into any agreement for that purpose.

Limited compensation fund proposed

THE SECOND major innovation of the Bill is the establishment of a deposit protection fund to which both recognised banks and licensed deposit-taking institutions will contribute.

If a contributory institution were to fail depositors would receive compensation from the fund to the extent of 75 per cent of "protected" deposits.

A protected deposit would be the first £10,000 of sums—for example current and deposit accounts—which the depositors had placed with that institution.

It has been decided to limit the compensation to 75 per cent of a protected deposit in order that there should still be an incentive to prudence on the part of the depositor before deciding with which institution to place his funds.

The deposit protection fund, first outlined in the White Paper on the supervision of deposit-taking institutions, has been the source of most of the controversy in the banking world arising from the proposals.

The big clearing banks have resisted the suggestion that they should be required to contribute. They have argued that their own stability is not in doubt, that they do not, therefore, need the proctection of a fund, and that they should not be required to provide funds to support other competing institutions.

However, the Government has insisted throughout that the fund is necessary, and it has been obvious that without a clearing bank contribution it would lose conviction.

Excluded

The fund is to be organised under a Deposit Protection Board. Contributions are to be made by all recognised banks and licensed deposit-taking institutions, although foreign institutions may be excluded if the authorities are satisfied that their sterling deposits in the UK are adequately protected by law or arrangements in their home country.

Contributions will be made in relation to a percentage of the deposit base of an institution. This is defined as sterling deposits made with UK offices but excluding secured deposits, deposits with an original maturity of more than five years and deposits arising from issues of certificates of deposit. The initial contributions will be aimed to raise a total fund of not less than £5m and not more than £6m.

The fund could be topped up by levying further contributions to restore it to the level of £5m-£6m if at the end of any financial year the amount standing to the credit of the fund is less than £3m.

If it appears to the board that payments in any financial year are likely to exhaust the fund, the board may with the approval of the Treasury levy special contributions to meet the commitments during the year.

The Bill provides that any special contributions left over at the end of a financial year shall be repaid to the contributory institutions.

The board is also given powers to borrow for temporary purposes up to a total outstanding at any time of £10m or such larger sum as, after consultation with the board, the Treasury may from time to time prescribe by statutory instrument.

The Bill provides for maximum and minimum contributions. The minimum is to be £5,000 and the maximum £300,000. There is also a provision limiting total contributions including any further and special contributions to a maximum of 0.3 per cent of an institution's deposit base, although this proportion may be increased by the Treasury to a level of up to 0.6 per cent.

Liability

The Bill sets out arrangements for making payments to depositors when an institution becomes insolvent. It then defines the deposits to be covered.

These are "the total liability of the institution to him, limited to a maximum of £10,000 and determined immediately before the institution became insolvent, in respect of the principal amounts of sterling deposits made with UK offices of the institution."

In the case of joint deposits, "each shall be treated as having a separate deposit of an amount corresponding to his beneficial interest."

Provisions covering the liabilities of insolvent institutions make them liable to the Board for the equivalent of any insolvency payment out of the fund.

The institution's liability to the depositor would then be extinguished to this extent and the liquidator of the insolvent institution would not be able to make any payment to the depositor until the insolvency payment had been repaid to the Board.

The Board is required to set aside any funds received in this way during the course of a financial year. It is then required to prepare a scheme for repayments out of such funds for special contributions and further contributions made by the contributing institutions.

Minimum criteria for recognition under Bill

THE MINIMUM criteria which deposit-taking institutions will have to meet in order to qualify for either recognition as a bank or for a licence are set out in a separate schedule to the Bill. This requires:

Recognised banks

1.—(1) Subject to sub-paragraph (2) below, the institution enjoys, and has for a reasonable period of time enjoyed, a high reputation and standing in the financial community.

(2) In the case of—

(a) An institution which is not yet carrying on a deposit-taking business, or

(b) An institution which has not carried on such a business long enough to have earned the reputation and standing referred to in sub-paragraph (1) above:

The criteria in sub-paragraph (1) above may be taken to be fulfilled if control of the institution lies with one or more bodies of appropriate standing.

(3) In sub-paragraph (2) above the expression "body of appropriate standing" means a recognised bank or an institution which enjoys, and has for a reasonable period of time enjoyed, a high reputation and standing in the financial community.

(4) Section 534 of the Income and Corporation Taxes Act 1970 (meaning of "control" in certain contexts) shall apply for the purposes of sub-paragraph (2) above as it applies for purposes of provisions of the Taxes Acts which apply that section.

2—(1) The institution provides or, in the case of an institution which is not yet carrying on a deposit-taking business, will provide either a wide range of banking services or a highly specialised banking service.

Services

(2) For the purposes of this Part of this Schedule, an institution shall not be regarded as providing a wide range of banking services at any time unless, subject to sub-paragraph (3) below, it provides at that time all of the following services, namely:—

(a) Current and deposit account facilities in sterling or foreign currency for members of the public or for bodies corporate or the acceptance of funds in sterling or foreign currency in the wholesale money markets;

(b) Finance in the form of overdraft or loan facilities in sterling or foreign currency for members of the public or for bodies corporate or the lending of funds in sterling or foreign currency in the wholesale money markets;

(c) Foreign exchange services for domestic and foreign customers;

(d) Finance through the medium of bills of exchange and promissory notes together with finance for foreign trade and documentation in connection with foreign trade; and

(e) Financial advice for members of the public and for bodies corporate or investment management services and facilities for arranging the purchase and sale of securities in sterling or foreign currency.

Specialised

(3) Any question whether an institution is to be regarded for the purposes of this Schedule as providing at any time either a wide range of banking services or a highly specialised banking service shall be determined by the Bank and, for the purpose of that determination, the Bank may—

(a) disregard the fact that the institution does not or will not provide one or two of the services specified in paragraphs (c) to (e) of sub-paragraph (2) above; and

(b) Have regard to the nature and scope of a particular service provided or to be provided by an institution in determining whether the institution is to be regarded as providing or as going to provide that service for the purpose of this paragraph.

3—The business of the institution is or, in the case of an institution which is not yet carrying on a deposit-taking business, will be carried on with integrity and prudence and with those professional skills which are consistent with the range and scale of the institution's activities.

4—At least two individuals effectively direct the business of the institution so that—

(a) In the case of a body corporate, there is a board of directors, with at least two executive members; and

(b) In the case of a partnership, there are at least two general or active partners; and

(c) In the case of any other institution, there are at least two individuals actively engaged in the management of the institution's affairs.

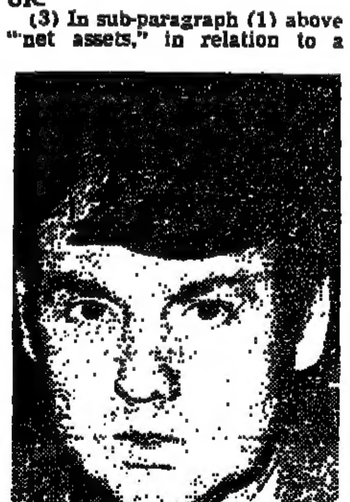
5—(1) Without prejudice to paragraph 6 below but subject to sub-paragraph (2) below, the institution will at the time recognition is granted to it have net assets which amount to not less than—

(a) £5 million, if it is an institution which will provide a wide range of banking services; and

(b) £250,000, if it will provide a highly specialised banking service.

(2) This paragraph does not apply to an institution which on the date of publication of this White Paper was carrying on a deposit-taking business in the UK.

(3) In sub-paragraph (1) above "net assets," in relation to a body corporate, means paid-up capital and reserves.



Mr. Denzil Davies, Minister of State at the Treasury, who was responsible for drafting the Bill.

(4) After consultation with the Bank, the Treasury may by order vary either or both of the sums specified in sub-paragraph (1) above.

(5) The power to make an order under sub-paragraph (4) above—

(a) Shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament; and

(b) Includes power to vary or revoke an order previously made in the exercise of that power.

6—(1) The institution maintains or, in the case of an institution which is not yet carrying on a deposit-taking business, will maintain net assets of such an amount as, together with other financial resources available to the institution of such a nature and amount as is considered appropriate by the Bank, are commensurate with the scale of its operations.

(2) In sub-paragraph (1) above "net assets," in relation to a body corporate, means paid-up capital and reserves.

Licensed institutions

7—Every person who is a director, controller or manager of the institution is a fit and proper person to hold that position.

8—At least two individuals effectively direct the business of the institution so that:—

(a) In the case of a body corporate, there is a board of directors with at least two executive members; and

(b) In the case of a partnership, there are at least two general or active partners; and

(c) In the case of any other institution, there are at least two individuals actively engaged in the management of the institution's affairs.

Assets

9—(1) Without prejudice to paragraph 10(1)(a) below but subject to sub-paragraph (2) below, the institution will at the time the licence is granted to it have net assets which amount to not less than £250,000 or such larger sum as the Treasury, after consultation with the Bank may by order specify.

(2) This paragraph does not apply to an institution which on the date of publication of this White Paper was carrying on a deposit-taking business in the UK.

(3) In sub-paragraph (1) above "net assets," in relation to a body corporate, means paid-up capital and reserves.

(4) The power to make an order under sub-paragraph (1) above—

(a) Shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament; and

(b) Includes power to vary or revoke an order previously made in the exercise of that power.

10—(1) The institution conducts or, in the case of an institution which is not yet carrying on a deposit-taking business, will conduct its business in a prudent manner and, in particular:—

(a) Maintains or, as the case may require, will maintain net assets of such amount as, together with other financial resources available to it of such a nature and amount as are considered appropriate by the Bank, are or will be sufficient to safeguard the interests of its depositors, having regard to the factors specified in sub-paragraph (2) below; and

(b) Maintains or, as the case may require, will maintain adequate liquidity having regard to the relationship between its liquid assets and its liabilities and also to the times at which its liabilities fall due and its assets mature; and

(c) Makes or, as the case may require, will make adequate provision for bad or doubtful debts and obligations of a contingent nature.

(2) The factors referred to in sub-paragraph (1)(a) above are—

(a) The scale and nature of the liabilities of the institution and the sources and amounts of deposits accepted by it; and

(b) The nature of its assets and the degree of risk attached to them.

(3) In sub-paragraph (1)(a) above "net assets" in relation to a body corporate, means paid-up capital and reserves.

Banking and Credit Unions Bills: 96 pages; Command 7303; Stationery Office; £1.75.

Credit unions will be given framework

THE CREDIT Unions Bill follows very closely the provisions of the existing Northern Ireland legislation on the subject of credit unions.

It complements the Banking Bill by providing a suitable framework for the supervision and operation of credit unions, which are specifically exempted from the EEC directive on credit institutions.

Credit unions are groups of people who agree to pool their savings to create a source of credit for each other at favourable rates of interest. The Bill requires that members of a credit union should have a "common bond" (such as working in the same factory).

Negotiations with the Government, under the auspices of the credit union steering committee, have contributed to the preparation of this Bill.

The Bill will allow credit unions to register under the Industrial and Provident Socities Act 1965 in accordance with special provisions appropriate to their particular mode of operation.

In common with other industrial and provident societies, they will be subjected to supervision, in the interests of their members, by the Chief Registrar of Friendly Societies.

LABOUR NEWS

Public service unions reject 5% pay limit

BY OUR LABOUR EDITOR

TWO BIG public service unions yesterday came out against the Government's 5 per cent general wage limit for Stage Four, on the eve of a pre-election demonstration of unity by the TUC and Labour Party.

The National Union of Public Employees, with a claimed 700,000 membership, said 5 per cent fell far short of what workers needed after three years of wage restraint, and condemned out of hand the Government's concession to the low-paid.

The union, which at this autumn's TUC will be calling for a minimum wage target of two-thirds average earnings, will be one of the first to test the Government's resolve in negotiations for local authority manual workers whose settlement is due in November.

Its executive council said that the limit would both discriminate against the public sector and create dual standards within it.

"Favoured groups — including the armed forces, the police, doctors, dentists, university teachers, senior civil servants and the heads of nationalised industries — are given preferential treatment to restore their relative income while similar consideration is denied to the vast majority of low-paid workers in the public services."

The White Paper says those workers who even after a 5 per cent deal would not reach earnings of £44.50 a week will be allowed to try to negotiate up to this limit.

The union stops short of threatening a breach with the Government calling for a return to free collective bargaining, but also co-operation between the Government and unions in developing another economic strategy.

Meanwhile the 916,000-member General and Municipal Workers Union said after an executive council meeting that the 5 per cent was "unnecessary and counter-productive."

It imposed a rigidity that would cause more problems than it solved. The union also called for an agreed economic strategy that made wage ceilings unnecessary.

Today the TUC general council will consider its reaction to the White Paper, and later in the day the TUC-Labour Party liaison committee will publish its agreed statement on future economic and industrial policy.

The question that remains to be answered is how the unions will reconcile their antipathy to the Stage Four norm and commitment to voluntary collective bargaining with the statement's reference to the need for an annual review of pay and a "broad understanding" as to what the country can afford.

British worker 'earns least'

BRITISH workers earn less an hour than anyone else in the Common Market, according to EEC Commission figures.

In reply to a question from Mr. Ralph Howell (C., Norfolk N.), the Commission says the average British worker was earning £1.62 an hour in October last year.

The Irish workers was getting £1.71 an hour, while the Danes were getting nearly £3.50 an hour, and the Belgians £3.06 an hour.

Between October, 1976, and October, 1977, figures show that consumer prices in Britain rose by 14 per cent—higher than anywhere except Italy.

The figures do not take account of the different hours worked in each country.

Prospect of dock unrest grows

By Pauline Clark, Labour Staff

THE Transport and General Workers Union, Britain's biggest union, pledged itself yesterday to use its industrial muscle to secure an end to casual labour in cargo handling.

In the aftermath of Monday night's defeat in the Commons of the controversial Dock Labour Scheme, 1978, the Government also promptly renewed its commitment to support the union's fight for exclusive rights of employment for registered dockers among inland cargo handlers.

The union's response to the defeat of the Labour-sponsored measure, known as the "dockers' charter," falls short of a direct warning of industrial action.

But it certainly increases the prospect of labour unrest among dockers in the months ahead—not least in London where industrial action is already being considered over the proposed closure of the Royal Docks.

Union hopes for the establishment of a five-mile "corridor" within which cargo handlers would be obliged to employ only registered dock labour were thwarted two years ago by an Opposition amendment to the Dock Work Regulation Act. As a result, a half-mile corridor was proposed in the scheme, rejected by a 301 to 291 parliamentary vote on Monday night.

Mr. Tom Cronin, national secretary of the docks and waterways group of the TGWU, said in a statement that the union would immediately "take the necessary measures to regain traditional cargo handling" which had been lost to registered dock workers in recent years at the expense of many thousands of jobs.

"Our Industrial activity will be positive and our aim will be to safeguard the present and future employment of dockworkers."

Mr. Cronin warned employers who opposed the revised Dock Labour Scheme such as the Cold Store Federation and the British Shippers' Council not to regard the defeat "as an occasion for rejoicing.

"The unions who represent dock workers are in no way defeated."

He warned that the union, which has argued that the scheme would bring stability to the export/import business and prevent disruption caused by demarcation and other disputes, was "financially sound and numerically stronger than when the Government was preparing the revised scheme."

Talks soon on plans for Singer's jobs

BY OUR OWN CORRESPONDENT

An alternative strategy for retaining production of industrial and domestic sewing machines at Singer's Clydebank factory will be presented to the company by its Scottish shop stewards in 10 weeks' time.

A full investigation into the company's proposals announced last month to end industrial machine production and reduce the Clydebank workforce by 2,800 over four years has been commissioned from PA Management Consultants by the factory's shop stewards' committee.

Mr. Joe Flavin, the company's U.S. president, has agreed to consider proposals from the Clydebank stewards and to implement them if they provide a way of continuing production at present levels.

PA has produced an outline report of its targets, which, publicised by the stewards at a press conference in Clydebank yesterday, reflect their confidence that the 4,800 workforce can be maintained.

The report says that PA's aim is to devise a strategy which continues to utilise the full skills and experience of the workforce. In the short term, PA believes it can suggest ways of continuing viable production of existing machines in both industrial and domestic sectors, perhaps with enhanced features gained through development work, to maintain employment over the next year to 18 months.

Thereafter the consultants will be examining possible major product developments which could provide Clydebank with a new range of machines with an edge on the competition.

Mr. John McFadyen, shop stewards' convener, said they were starting a campaign to persuade MPs and Ministers that the Government should finance the considerable cost of the study—thought to run into many thousands of pounds.

Mersey lock gate men end four-day stoppage

BY OUR LIVERPOOL CORRESPONDENT

THE MERSEY ports should be back to normal this morning after the end yesterday of a four-day unofficial strike by 300 lock gate men.

The strike was in support of 90 cold store workers who have been on official strike for 11 weeks after refusing a request by Vestey, the food company, to date-stamp imported butter.

The river men have blacked all Vestey ships. Its ships are held in dock or cannot get in if they are in the queues that have built up at anchor at the Mersey Bar during the strike.

Mr. James Fitzpatrick, managing director of the Mersey Dock Company, has been called in as arbiter.

Ships started to move in and out on yesterday afternoon's tide. Thirty ships had been held in the docks and another 30 were waiting outside to get in, among them transit containers and bulk carriers. Dockers will be at full pressure in an effort to wipe out backlog and minimise delays.

The return to work by the lock gate men, without whom nothing except the Isle of Man and Irish ferries could move, followed talks with the dock company management and officials of the Transport and General Workers' Union, of which the lock gate men and the cold store workers are members.

The strike spread on Thursday night when a ship slipped out through an open lock, as the waters of the river Mersey and the docks were level. The lock gate men immediately went on strike.

Offshore workers seek further ballot

BY OUR ABERDEEN CORRESPONDENT

PLANS FOR another ballot to secure full trade union negotiating rights for a group of North Sea offshore workers were announced yesterday in Aberdeen.

Last week it was announced that a union membership ballot to gain negotiating rights was being conducted among catering employees on the Occidental, Claymore and Piper platforms, with the results expected in mid-August.

Mr. Bill Reid, Aberdeen secretary for the Transport and General Workers' Union, said yesterday it was his intention to seek a ballot among workers aboard the Shell-owned semi-submersible Stadrill by the end of next month.

About 50 men are involved, including roustabouts, derrick men, crane drivers, storemen, medical assistants and welders. They are members of the Association of Clerical, Technical and Supervisory Staffs, a section of the TGWU, and are already covered by a recognition agreement signed with Shell last week.

That agreement, while giving the union the right to represent their members, does not entitle the TGWU to negotiate terms and conditions but only to deal with matters of individual grievance. Shell has specified that a ballot be taken before they will allow full negotiating rights to the union.

Commission finds work for 1.8m

BY PHILIP BASSETT, LABOUR STAFF

MORE THAN 1.8m people were helped into jobs or given training, temporary work or work experience by the Manpower Services Commission in the past year.

Though total unemployment increased less in 1977-78 than in any of the previous three years, the Commission's annual report says that underlying trends imply a continuing need for special employment and training measures to provide temporary jobs or work experience, for training for particular industries and for employment subsidies.

The report, published yesterday, says that there were grounds for optimism that 1977-78 would be a year of economic expansion and increased activity, though these hopes were not fulfilled.

There was no sustained growth of output, the number in employment fell from the improved levels of mid-1977, and there was another very sharp increase in unemployment.

The deterioration was especially great for those aspects of the labour market which the MSC is particularly concerned: recruitment to jobs, matching supply and demand of skills, and the position of disadvantaged groups.

During the 1977-78 period, 1.6m people were helped into jobs through the Commission's Employment Service and nearly 100,000 received training under the Training Opportunities Scheme.

More than 100,000 obtained temporary work under the Job Creation Programme, 53,000 young people were given work experience and 40,000 training places were provided.

Though duration of unemployment for all age groups, but especially the young, continued to rise, not all disadvantaged groups were worse off.

The rise in unemployment among racial minority groups was less than 4 per cent, compared with an overall figure of 6 per cent, and the registered disabled showed a decrease in the numbers unemployed of more than 6 per cent.

The Commission lists its main achievements as a new programe for skills training, continuing modernisation of the employment service, commercial self-sufficiency for the Professional and Executive Recruitment Service, more and better job creation and work experience projects, a start on special programmes for the unemployed, particularly the young, and development of a comprehensive programme for services to the disabled.

The Youth Opportunities Programme, in particular, was developed rapidly and will reach its agreed operational level by September.

PARLIAMENT AND POLITICS

Inflation rate is Britain's key economic test, says Callaghan

BY IVOR OWEN, PARLIAMENTARY STAFF

UCCESS IN keeping down the ite of inflation must be the key st of Britain's economic policy, ie Prime Minister insisted in ie Commons yesterday, when he ismissed forecasts that the overnment's five per cent guide- ne for the next wages round ould prove ineffective.

Mr. Callaghan sharply attacked rs. Margaret Thatcher, Con- rvative leader, and in doing so nfirmed the view of many MPs iat they were watching the last g Parliamentary clash between ie two party leaders before ssolution and an October meral election.

Government supporters gave r. Callaghan an enthusiastic ieer when he contended that ie Conservatives had no policy 1 pay, production, or anything se, and characterised Mrs. hatcher's leadership as "find a lling band wagon and jump on as soon as you can."

The Opposition leader hit back v attacking the Government's White Paper law or diktat" hich, without any statutory ithority, led to the arbitrary lacklisting of firms failing to oserve the pay guidelines.

However, Mrs. Thatcher failed) evoke more than a symbolic esponse from the Opposition enches, and the silence of many ory MPs brought mocking omments from the Labour anks.

The Prime Minister opened ie debate by moving a motion elcoming the substantial pro- ress already made in combating iflation, and calling on the louse to recognise that a further ustained effort was needed to eep inflation under control.

He maintained that as the iflation rate had fallen steadily ionth by month, living tandards had recovered rapidly. 'eople were better off than a ear ago, through the combined ffort of wage increases, lower axes and higher child benefits.

While admitting that much nore needed to be done, he tressed that even unemploy- nent was tending to fall.

"In total, 1977 and 1978 are vitnessing the best recovery this ountry has made since the oil risis set back the Western vorld's economy so dramatic- lly."

Mr. Callaghan was at his most iggressive in condemning the 'faint hearts"—the people now orecasting that the 5 per cent uideline would be ineffective who a year ago were predicting collapse of the Government's pay policy and wage rises of 25 and 28 per cent.

They had been proved wrong before and they would be proved wrong again. "It did not happen because the people of this country made sure that it should not happen."

Last week's White Paper announcing the 5 per cent guide- line was the answer to those people who were saying that inflation would return to double figures next year.

The Prime Minister told the House that union leaders had made it clear to him that they had no intention of returning to the inflationary spiral of 1973-1975, but they had admitted they would have preferred the Government not to have put a figure on the general level of increase in earnings.

However, the Government be- lieved it had a responsibility to indicate guidelines in the light of the view it took on inflation prospects. "Our opinion is that the guideline figure from August 1 should not exceed five per cent if we are to be reasonably cer- tain of keeping the inflation rate within single figures."

Mr. Callaghan emphasised: "The rate of inflation is the test. Keeping it down is the objective." Waving aside scorn- ful laughter from Tory MPs, he contended that what mattered was not how many pounds were in the pocket but how much they would buy.

"We believe that five per cent is the figure most likely to main- tain living standards and help employment at a time when we need all the orders from abroad that we can get at a time when the level of world trade is flagging badly."

He underlined the importance of ensuring that arrangements made to improve the position of the lower paid should not be used as a basis for leap-frogging claims.

The Prime Minister was un- repentant over the Government's use of discretionary powers to support the pay policy. The number of cases in which dis- cretionary action had been taken in the last year was infinitesimal compared with the very large number of settlements within the guidelines.

He called on Opposition leaders, if they genuinely wanted to see moderation in pay settlements in the coming round, to support the Bill continuing controls on dividends.

"It would be quite wrong, when we are asking working people to exercise moderation on pay in the year ahead, to fail to do everything in aur power to ensure that moderation is exercised in dividend pay- ments."

Mr. Callaghan rounded off his personal attack on Mrs. Thatcher by asserting that her every speech was a rallying cry to pre- judice. "The Tory party once aspired to lead one nation and to speak for one nation. Now they have to listen to the lan- guage of division the whole time."

In her speech, Mrs. Thatcher moved an amendment condemn- ing the Government's economic policies over the last four years, which she said had resulted in record unemployment and stag- nant living standards. The amendment also deplored the continuing use of blacklisting to enforce pay limits.

She accepted the need to try to contain increases in wages and to increase production: But the Opposition could not accept that this was best achieved by having an absolute percentage limit without regard to the vary- ing circumstances of industry and commerce, regardless of con- ditions on the shop floor and regardless of profitability.

Mrs. Thatcher stressed: "I don't think we shall get the increasing production and pros- perity which we all want by that move."

She complained that the five per cent guideline was more rigid by far than the 10 per cent which had operated in the cur- rent round.

It was difficult to tell which kind of productivity schemes would be accepted and which would not, she said.

Reaction to Bremen 'half-hearted'

Liberal economic spokesman Mr. John Pardoe called the British reaction to European economic intiatives at the Bremen summit "half-hearted."

He added: "We have had nothing to say to show that we are interested in these important initiatives. Unless they are followed through, there is no hope of Britain, or anybody else, solving their problems.

"The European monetary fund, which the Liberals sug- gested years ago, will enable the industrial countries to put the large surplus funds, sailing around the world in an orgy of currency speculation, back to productive use."

Mr. Pardoe told MPs, "Inter- national action within Europe is absolutely essential if we are to solve our problems effectively.

"No one can deny that the inflation rate has dropped from over 20 per cent to under 8 per cent in the last 15 months, during the period that the Liberals and the Government have been working together.

"But I don't fool myself about this. There are two rules of politics. One, don't believe the other parties' propaganda, and two, don't believe one's own.

"Inflation is still higher than that of most of our major competitors and it is probably rising again."

Mr. Pardoe insisted that any national pay figure had every possible disadvantage because it was inflexible and became a norm. "We need a formula which is tailor-made to the situa- tion of each industry and enter- prise," he said.

This could be done by a formula relating labour costs to added value and enforcing it by imposing a tax on those enter- prises which exceeded this ratio.

The Government should have introduced sanctions which applied equally to everyone and was not subject to the arbitrary decisions of officials and Ministers.

It was a tragedy that arbitra- tion boards on pay had been abolished. Partly because of this, he warned that the police pay settlement would have "horrific consequences."

Mr. Ian Mikardo (Lab, Bethnal Green and Bow) said he had difficulty making up his mind about how to vote at the end of the debate. "I have no time at all for the White Paper," he said.

Its economic analysis was defective, its proposals would not achieve its objectives and any attempt to implement them would result in abject failure.

The Government's motion was so bland and innocuous that it was very difficult to oppose it or not to support it. But he warned that if the motion was passed, the Government would say the House had approved the White Paper.

Mr. Maurice Macmillan (C, Farnham) said "We don't seem to have recognised that we have to sell a higher proportion of goods overseas than ever before just to stay where we are."

There had to be a much greater effort than was fore- shadowed int he Prime Minister's speech and the White Paper to decrease unit labour costs.

Mr. Douglas Jay (Lab, Batter- sea N) said Tory policies would mean lower industrial invest- ment with a further weakening of the country.

The Government's approach was much more flexible than Mrs. Thatcher appeared to have noticed, but there were still crucial problems of relativities and differentials.

He could see no long-term solution, except to restore, as a last resort, some kind of tribunal that would cover all salaries.

Revenge 'will be prepared for sea'

By John Hunt, Parliamentary Correspondent

ROYAL NAVY personnel will today start to get the Polaris nuclear submarine Revenge ready to go to sea in defiance of the unions who have blacked all work on the vessel at the Faslane naval base on the Clyde.

The Government decision was announced in the Commons yesterday by Mr. Fred Mulley, Defence Secretary, following widespread protest at the tactics adopted by the Transport and General Workers and other uions involved.

Two other nuclear submarines, the Repulse and Renown, in dock at Rosyth, have also been in- volved and the affair had become a major embarrassment for the Government. With the possibility of a general election in October, the incident was seen as a major vote-loser unless quickly settled.

The Tories had put down a motion, backed by 32 MPs, con- demning the "unprecedented detention" of three of Britain's four Polaris submarines. It pro- tested that the actions of the unions would "effectively suspend the vital element of the nuclear deterrent in British defence strategy."

In his statement yesterday, Mr. Mulley took a firm line and made it clear that the Government would not tolerate industrial action which threatened national security. Labour Left-wingers remained silent throughout the exchanges—presumably subdued by the possibility of an October election.

Mr. Mulley said that attempts to persuade the men to resume normal working had not yet succeeded but he had hopes that a settlement could be achieved to ensure that Britain's con- tribution to Nato's strategic deterrent could be maintained.

The Government had to ensure that preparations for HMS Revenge to sail were completed very soon. The Ministry of Defence had therefore informed the workers at Faslane that a naval and management work- force would be completing the loading of the Revenge today.

In the interests of safety, the Faslane depot would be closed temporarily except for certain authorised personnel until the loading had been completed.

Mr. Robert Banks (C, Harro- gate) said that a small number of men had prevented the deployment of the nuclear deterrent. He called for an assurance that the Government would prevent such a situation arising again.

Mr. Mulley told him: "I can give the assurance that we shall take all steps necessary to ensure that our operational efficiency is in no way impeded."

For the Liberals, Mr Emlyn Hooson said there was a danger of Britain's defences being ren- dered nugatory. He called on Mr. Mulley to have talks with the TUC to see that this kind of thing did not happen again "otherwise the Kremlin will be laughing."

Conservative defence spokes- man, Sir Ian Gilmour, declared "Whatever the merits of the case, the trade unions have shown a shameful abuse of in- dustrial power. What they are doing is critically wrong."

In the Lords, the Conservative spokesman, Lord Carrington, said: "It is totally intolerable that union leaders should set themselves up as the arbiters of whether there should be a British nuclear deterrent or not at sea."

But Lord Winterbottom, for the Government, told him firmly: "It is intolerable and we are not tolerating it."

Tories urged to avoid sanctions row

BY RUPERT CORNWELL, LOBBY STAFF

MR. JOHN DAVIES, shadow Foreign Secretary, is making desperate attempts to unite the Tories over Rhodesia, with the argument that an internal party row on sanctions is pointless when that country could be facing economic and military disaster within months.

His efforts to forge the united front came at a special meeting of Tory backbenchers at the Commons last night, just a week before MPs hold a full-scale debate on the situation in Rhodesia.

But the question of whether sanctions should be dropped to spur on the faltering internal settlement has deeply divided the party. And should the Tories win the election, widely expected this autumn, the annual renewal order which comes up in Novem- ber could provoke a bitter quar- rel between the majority and the minority of recalcitrant back- benchers, adamant that sanctions be abandoned.

These differences must be settled in any case if the Opposition is to deliver the severe censure it seeks to inflict upon the Government and signal the end of the informal bi- partisan approach that has mostly prevailed on Rhodesia.

Almost 90 Tory backbenchers, mainly from the right wing, have signed a Commons motion demanding an end to sanctions, while 116, at the latest count, have backed an authoritative suggestion sponsored by Mr. Reginald Maudling, Mr. Davies's predecessor, for the return of Rhodesia to a period of colonial rule before free elections.

The main onslaught next week from the Tories, who are plan- ning to a force a division on the issue, will be that the Govern- ment has neglected Rhodesia, except to the extent of wrongly tilting its approval towards the Patriotic Front.

Mr. Davies himself, recently returned from southern Africa, feels that while the sanctions issue is of symbolic importance to the parties involved, it is basically irrelevant and that the real problem is to keep the internal settlement on the rails until proper elections can be held.

Broadly, this would be the approach of a Tory Government should one be returned at the next election.

Mr. Davies feels that unless this can be achieved, Rhodesia could quickly face a breakdown of both security and its economy, meaning that a fight to the finish would prove inevitable.

But any move to drop sanc- tions would close the option of bringing Mr. Joshua Nkomo, whom the shadow Cabinet believes to be the key figure in the situation, back into the negotiations.

Instead, the Tories are hoping that Mr. Nkomo can be persuaded that a change of Gov- ernment in Britain could pro- duce new circumstances, which would oblige a compromise to be struck.

In next week's debate, Mr. Davies will urge the Government to put an upgraded permanent mission into Salisbury. This would improve British know- ledge of what was happening in Rhodesia and enable real pres- sure to be exerted on the exist- ing interim executive to make progress.

Mulley denies defence 'orgy of spending'

MR. FRED MULLEY, Defence Secretary, yesterday strongly denied allegations that his department had been engaged in "an orgy of spending."

There was laughter from the Labour benches in the Commons as Mr. Mulley made his denial to Mr. Martin Flannery (Lab, Hills- borough): "You are prone to take too much notice of certain newspaper reports," the Sec- retary of State told him.

Mr. Flannery said: "At the time the Tories were pressuris- ing the Government to increase defence expenditure, it was underspent to some thousands of millions of pounds.

"An orgy of spending then went on things that couldn't possibly be regarded as defence."

Mr. Mulley explained: "The simple fact is that a number of estimated expenditures were not realisable through no fault of my department."

To good-natured Lbour jeers, he went on: "There has been no orgy of spending.

"What we did was bring for- ward some expenditure for this year to make room for the ex- penditure that we hadn't been able to make last year."

Mr. Mulley added: "There was a good deal of money spent on vacuum cleaners and carpets. I make no excuse or apology for that. We did this to put carpet- ing like that in officers' homes into the homes of the other ranks."

A FINANCIAL TIMES SURVEY

WORLD RAILWAYS

August 25 1978

The Financial Times proposes to publish a survey on World Rail- ways. The provisional editorial synopsis is set out below.

INTRODUCTION In spite of the world depression, railway investment continues at an estimated level of £4bn a year and many countries are either expanding existing or building new railways. The attractions of the rail solution to various transport problems.

THE RAILWAY INDUSTRY In the developed world the industry is marketing its skills, products and experience to governments in the developing world, where most of the big, new rail projects are. A look at some of the companies and products involved.

EUROPEAN AND NORTH AMERICAN RAILWAYS These have been plagued with financial and re-investment problems caused by the rapid growth in private car ownership, but this has not prevented them from developing new technology.

URBAN RAILWAYS These are a principal feature of the present rail building boom and there are a large number of schemes under con- struction or planned.

A look at some of the larger schemes presently under way or out to tender, including those in:

MEXICO CITY
HONG KONG
TAIWAN
CARACAS, VENEZUELA
MIDDLE EAST DEVELOPMENTS AND THE AFGHAN RAIL PLAN
BRAZIL
LONDON, NEWCASTLE, GLASGOW AND LIVERPOOL

ELECTRIFICATION OF RAILWAYS This is likely to gather pace in the next decade as part of the solution to declining oil resources.

CONSULTANCY SKILLS IN RAILWAY CONSTRUCTION Design and management in construction, as well as in wider transport problems, are on offer from a wide variety of private companies.

RAIL FREIGHT Like the rail passenger business, this has suffered badly from road-based competition. There are signs of growth, however, although approaches vary from traditional marshalling operations to reliance on train-load and containerised systems.

For further information on advertising rates in this Survey
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

Chinese thought my recall meant coup—Williams

MRS. SHIRLEY WILLIAMS, Education Secretary, recalled from an official visit to China to vote in the Commons last night, said: "I had to assure the Chinese that I was not coming because of a coup."

Arriving at Heathrow from Geneva, Mrs. Williams said she thought that the attitude of the Conservatives had been extremely foolish.

"After all, I was not on party business. I was on national business. This was a very important trip involving science and technology, the exchange of students and a lot of other matters.

The Chinese regarded it as extremely important and I was meeting most of their senior people. I did not think for one moment that there would be any change from the normal pairing arrangements."

Mrs. Williams said that on the Wednesday night before she left for China she had an indi- cation from the Conservatives that "there might be a hitch" in the pairing arrangements.

She added: "We tried that evening to contact the Con- servative Chief Whip or others and we tried again all Thursday morning before I left. But we just couldn't get hold of anyone.

"I really do think that in the case of Ministers making journeys like this there should be special arrangements and I do feel that if there had been a pairing it would not have made all that much difference."

Steel sees police officers investigating Scott affair

BY RUPERT CORNWELL, LOBBY STAFF

MR. DAVID STEEL, the Liberal leader, was interviewed for more than an hour in his room at the Commons yesterday by police officers investigating the Norman Scott affair.

The police may want to see other Liberal MPs in connection with their inquiry.

Mr. Steel was asked about the internal party probe in 1971 carried out by himself, Mr. Emlyn Hooson and Lord Byers into Mr. Scott's allegation that he had had a homosexual relation- ship with Mr. Jeremy Thorpe, the then Liberal leader. Mr. Thorpe has always strongly denied the accusation.

Yesterday's meeting came about after Mr. Scott had written to the Liberal leader. Mr. Steel said afterwards that he believed it was one of a number of letters sent by the former male model to other politicians about the 1971 inquiry.

"I simply sent the letter to the police. They thought it would be useful to discuss the matter with me." Mr. Steel said in a formal statement afterwards.

Docks pledge by Premier

THE GOVERNMENT remains committed to docks de-casualisa- tion and will ensure that a scheme goes through when it has a majority, MPs were told yes- terday by the Prime Minister.

He was dealing with a Com- mons question in the aftermath of Monday night's defeat in which the scheme set up under the 1976 Dock Work Regulation Act was rejected by 301 to 291 —a majority of 10 against the Government.

This would have given secu- rity to registered dockers and brought an end to casual labour. It would also have given dock workers priority on jobs within half a mile of dock areas.

Mr. Callaghan said: "The Employment Secretary will have discussions with both sides of industry to see how the damage done by the Opposition last night can be repaired.

"In due course when we have a majority in this House, we will certainly make sure that the de-casualisation will go through."

Moscow games attacked

MANY MPs share the view that the next Olympics should not be held in Moscow if the Russians continue with their repressive measures, the Prime Minister agreed yesterday.

However, Mr. Callaghan told Mr. Greville Janner (Lab, Leicester W.) during question time that it was too soon to "get into action" on the matter.

A chorus of support from MPs on all sides of the House greeted Mr. Jenner's statement that "there is a growing body of opinion that if the present repres- sive measures continue in the Soviet Union, it would be inappropriate for the Olympic Games to be held there in 1980."

Mr. Callaghan told him: "It is clear from the cheers in the House that many MPs share that opinion."

The Prime Minister was inter- rupted by shouts from Tory back- benchers when he tried to con- tinue and he added sharply: "I know the Cold War warriors are waiting to jump into action straight away but it is not neces- sary for us to go into these details on the Olympic Games at this stage."

Tory criticises postal services

THE QUALITY of Post Office services was attacked by a Tory backbencher in the Commons yesterday—24 hours after the Post Office announced a record £367m profit.

Mr. Toby Jessel (Twickenham) asked the Prime Minister if he was aware of the "widespread dissatisfaction in the country with postal services."

Mr. Callaghan rose to reply amid Labour cries of "send him a letter, Jim" and tolds MPs he was very happy to see that the Post Office had joined the gas industry, the electricity industry and British Airways in making a big profit.

He said: "We have introduced commercial considerations into the boards of the nationalised in- dustries in a way the Opposition lamentably failed to do.

"Now they are able to finance much of their own expansion in- stead of relying on the tax- payer."

MPs reject challenge to jobs Act

SMALL BUSINESSMEN are being persuaded by malicious Tory MPs that taking on more workers will put them at risk under the Employment Protec- tion Act, Mr. George Rodgers (Lab Chorley) claimed in the Commons yesterday.

"I find it unforgivable that the Opposition are continually encouraging this absurd myth," he said.

He aws opposing a move by Mr. Richard Page (C Working- ton) to extend from 26 weeks to 52 weeks the minimum service needed by a worker before he could enjoy the bene- fits of the Act.

Mr. Page was refused permis- sion to introduce his Employ- ment Protection (Amendment) (No. 2) Bill by 203 votes to 184, a majority against of 19.

Mr. Page said he wanted to remove any inhibition felt by employers over offering jobs to people.

The productive influence of the small business sector was tied "by a rope of many strands," including high taxes and increas- ing Government legislation.

"This change would slacken one of those strands, and help towards this country's future prosperity,' he claimed.

Facelift for Goddesses

THE Green Goddesses, manned by Servicemen during last year's firemen's strike, are being given a facelift. The programme for refurbishing them is well in hand, Dr. Shirley Summerskill, Home Office Under-Secretary, said in a Commons written reply.

She added that a similar number of Green Goddesses would be available in any future emergency.

APPOINTMENTS

Re-grouping at Tate & Lyle

The following TATE & LYLE group changes are to come into operation within the company's plan to streamline its manage- ment structure.

Mr. F. Thomlinson has been appointed divisional director, UK food and distribution; Mr. C. D. Runge, managing director, Tate & Lyle Refineries; Mr. L. E. Fenn, managing director, Tate & Lyle Transport; Mr. J. C. R. Scott, group personnel director, Tate & Lyle; Mr. J. M. Ferguson, chair- man, Refined Syrups and Sugars Inc.; and Mr. J. C. W. Mitchell, president, Refined Syrups and Sugars Inc.

Subsidiary companies will be grouped by business and geo- graphy into divisions, to be managed by a divisional director, who will be accountable to Saxon Tate as group managing director. Support for the group managing director and for the divisional directors in implementing the policies and directives of the Tate & Lyle Board will be provided by functional directors and, where necessary, by regional directors.

Neither divisional directors nor functional directors will neces- sarily be directors of Tate & Lyle. Divisional directors and, where appropriate, functional directors will, however, be members of a new body, the group management board—and this is the case with the appointments of group personnel director and director, UK food and distribution.

The full group management Board consists of — divisional directors: Mr. N. M. Shaw, North America; Mr. Thomlinson, UK food and distribution; Mr. J. F. P. Tate, overseas sugar; Mr. D. A. Tate, engineering and agriculture; Mr. M. J. L. Attfield, trading; Mr. C. Lyle, chemicals; and Mr. C. B. Rowan, shipping and storage. Functional directors: Mr. J. Forbes, finance and planning; Mr. R. I. Foden, investment; Mr. Scott, personnel; Mr. G. L. Shemilt, trading; Professor A. J. Vlitos, research and development; and Mr. D. A. Tate, agricultural business.

★

Mr. T. G. Hutson, managing director of Independent Factors, has also been appointed managing director of INTERNATIONAL FACTORS. Mr. J. Butterworth becomes factoring division direc- tor, Mr. E. R. Virgo, management services director, Mr. A. N. Cox, finance director, and Mr. D. R. Raishbrook, secretary. Mr. David McKenna is joining an associate company of the Lloyds and Scot- tish Group as managing director.

★

Mr. Alan Williams, Minister of State for Industry yesterday announced the members of the CO-OPERATIVE DEVELOPMENT AGENCY. The chairman, as has already been announced, is Lord Oram, a former Labour MP.

The members are: Mr. George Brown of the Co-operative Party Scottish committee; Mr. Harold Campbell, director of the North British Co-operative Housing Centre; Mr. Brian Garrett, founder member of the Belfast Improved Houses; Mrs. Lillie Howe, editor of Co-operative News; Mr. John Morley, secretary of the Central Council for Agricultural and Horticultural Co-operation; Mrs. Geraldine Norman, a journalist and joint author of the Anglo-German Foundation's report on the Spanish Co-operatives at Mon- dragon; Mr. Roger Sawtell, chair- man of the Trustees of Industrial Common Ownership Finance: and Sir Arthur Sugden, chief execu- tive of the Co-operative Whole- sale Society.

The appointments are for three years from September 1. Salary payable to each member will be £1,000 per annum.

★

Mr. I. B. T. Galloway, of Cayzer, Irvine and Co., will take up the appointment of non-executive director of EASTERN LINER SERVICES on August 1, replacing Mr. G. F. Bedford, who resigns from the Board at the end of this month. Mr. A. K. Black, of P & O, also joins the Board of ELS as a non-executive director at the beginning of August.

★

Mr. Craigie Ross, operations director of TOTAL REFRIGERA- TION, is to become managing director from July 31. He will succeed Mr. J. S. Husband, who is leaving to be managing director of HENRY TELFER, a member of the J. Lyons Group, from August 1.

★

SAUDI INTERNATIONAL BANK (AL-BANK AL-SAUDI AL-ALAMI) has appointed Mr. Matthew H. M. Carrington as a manager in the general banking division and Mr. Guy R. Stokely and Mr. Stuart C. Webb as managers, investment advisory division.

★

The INSTITUTE OF STATIS- TICIANS, a professional body for statisticians in the UK, has elected the following honorary officers: Mr. K. T. Boyd, chairman; Mr. J. S. Downham, vice-chairman, Mr. W. Benjamin, secretary; and Mr. G. C. Naylor, treasurer. Professor Sir Roy Allen has been re-elected president.

★

Mr. W. T. Mullins, legal execu- tive with George Wimpey & Co., is the new president of the INSTITUTE OF LEGAL EXECU- TIVES for 1978-79. Mr. K. N. Crawford, senior legal executive with Newcastle - under - Lyme Borough Council, has become vice-president of the Institute.

★

Mr. W. J. Worsdell has been appointed a director of BADALEX, the engineering subsidiary of Sale Tilney and Co.

Professor S. Medlik has been elected chairman, Mr. V. T. C. Middleton, Mr. J. C. Seekings and Mr. S. F. Wheatcroft vice-chair- men, and Mr. A. A. Davis, treasurer, of the TOURISM SOCIETY.

COMPANY NOTICES

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA
Canadian $ 25,000,000 9¼% Notes due 1982

Pursuant to the terms and conditions of the loan, notice is hereby given to Noteholders that during the six-month period ending June 30, 1978, Canadian $ 600,000 of such Notes were purchased.

Outstanding amount: Canadian $ 23,400,000

The Principal Paying Agent
KREDIETBANK S.A.
Luxembourgeoise

Luxembourg, July 25, 1978.

WEST RAND CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

COUPON No. 94

HOLDERS OF SHARE WARRANTS TO BEARER are informed that they will, on or after the 4th August, 1978 be paid 3.78702p per share, viz. 4.45532p the amount declared per share, less 0.66830p being South African non-resident shareholders' tax of 15% against surrender of Coupon No. 94.

Coupons must be deposited for THREE CLEAR DAYS for inspection before payment will be made:—
In London at National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, E.C.2.
In Paris at Credit du Nord, 6 & 8 Boulevard Haussmann, Paris (9e).
In Basle at Swiss Bank Corporation.
In Zurich at Credit Suisse.

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:—

	p
Amount of Dividend after deduction of South African non-resident shareholders' tax of 15%	3.78702
Less: United Kingdom Income Tax of 18% on the Gross Amount of the dividend of	0.80196
4.45532p Net amount	2.98506

Listing forms can be obtained from the National Westminster Bank Limited, at the address shown above.

By Order
GENERAL MINING AND FINANCE CORPORATION LIMITED
London Secretaries
per L. W. Humphries

24th July, 1978.
London Office:
Princes House,
95 Gresham Street,
EC2V 7EN.

NOTE: Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 18% instead of at the basic rate of 33% represents an allowance of credit at the rate of 15%.

TANGANYIKA CONCESSIONS LIMITED
NOTICE TO HOLDERS OF ORDINARY STOCK
DIVIDEND No. 62

NOTICE IS HEREBY GIVEN that the Final Dividend recommended on 1st June, 1978 at the rate of 6p per 50p unit of Ordinary Stock for the year ended 31st December, 1977, will be paid on or after 2nd August 1978 to Stockholders registered in the books of the Company on 3rd July 1978 and to holders for the time being of Stock Warrants to Bearer as indicated below.

Holders of Stock Warrants to Bearer must arrange for an Authorised Depositary to deposit Coupon No. 62 therefrom at the office of the Company's Paying Agents:—

Tanganyika Holdings Limited,
6, John Street,
LONDON WC1N 2ES.

or to deposit this Coupon in BRUSSELS at:—
Societe General de Banque,
3 Montagne du Parc
or
Banque Lambert,
24 Avenue Marnix.

or in PARIS at:—
Credit du Nord et Union Parisienne,
6 & 8 Boulevard Haussmann,
or
Messrs Lazard Freres & Cie,
5 rue Pillet-Will.

or in LUXEMBOURG at:—
Swiss Bank Corporation,
Aeschenvorstadt 1
BASLE,
and all its Swiss Offices.

or in LUXEMBOURG at:—
Banque General du Luxembourg,
14, rue Aldringen,
or
Banque Internationale a Luxembourg,
2, Boulevard Royal.

Coupons presented for payment in Brussels, Paris, Switzerland or Luxembourg will require to be accompanied by declarations to the effect that they have neither been received from nor are the property of residents in the United Kingdom.

United Kingdom Income Tax at the rate of 33% will be deducted:—
(a) Where holders' registered addresses are situated in Great Britain or Northern Ireland.
(b) Where other holders on the Principal Register have appointed Agents in Great Britain or Northern Ireland for the receipt of Dividends for their Account.
(c) From payments in respect of coupons presented in London, unless such coupons are accompanied by Inland Revenue Declarations.

By Order of the Board
BAHAMAS INTERNATIONAL TRUST COMPANY LIMITED
Secretaries

Date the 24th day of July, 1978.
P.O. Box N.7768,
NASSAU,
Bahamas.

MURATA MANUFACTURING COMPANY LTD.
(CDRs)

The undersigned announces that as from 3rd August 1978 at Kas-Associatie N.V., Spuistraat 172 in Amsterdam and Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg [illegible]

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 19th July 1978.

HOPE STREET FUND S.A.
société anonyme
14, rue Aldringen, Luxembourg

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of July 21st, 1978 has approved the payment of a dividend of $US 0.28 per share [illegible]

The Board of Directors.

KOMATSU FORKLIFT CO., LTD.
(CDRs)

The undersigned announces that as from 3rd August 1978 at Kas-Associatie N.V., Spuistraat 172 in Amsterdam [illegible]

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, July 19, 1978.

MURRAY FUND S.A.
société anonyme
14, rue Aldringen, Luxembourg

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of July 21st, 1978 has approved the payment of a dividend of $US 0.08 per share [illegible]

The Board of Directors.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS

[illegible]

Registered Office:
44, Main Street,
Johannesburg 2001
July 25 1978.

CONTRACTS AND TENDERS

NATIONAL ELECTRIC POWER AUTHORITY—NIGERIA

Prequalification of Tenderers for 300MW Gas Turbine Plant Sapele—Bendel State

Tendering documents will shortly be issued for a single contract for the design, supply, erection and commissioning of all mechanical, electrical and civil works for 300MW of Gas Turbine Generator Plant and Auxiliaries. Powerhouse Building, Switchyard Extensions and connection to the 330kV system at Sapele Power Station, Bendel State, Nigeria. The prime fuel for this facility will be natural gas and consideration will be given to arrangements suitable for future conversion to combined cycle.

The proposed schedule for the work is as follows:

(a) Preliminary Issue of Tender Documents	15th August, 1978
(b) Formal issue of Tender Documents	15th September, 1978
(c) Award of Contract	15th December, 1978
(d) Completion of Works	30th April, 1980

In order to qualify as an acceptable Tenderer interested parties should have completed similar works and should submit information as follows by 31st July, 1978:—

(1) Details of proposed gas turbine units and auxiliaries to meet the above requirements.
(2) Operational history of proposed units including details of location, commissioning date and subsequent operating and maintenance record. Equipment without proven satisfactory operational record will not be considered.
(3) Proposed manufacturing, delivery and construction programme to meet the above schedule.
(4) Details of experience in handling complete contracts of a similar scope and magnitude, including complete project description, details of actual construction period and main sub-contractors used.

All applications should be addressed to:—
The Project Manager, Sapele Gas Turbines
ShawMont Limited
c/o Monenco Overseas Limited
York House, Bond Street
Bristol BS1 3LY, England

PERSONAL

ST. KATHARINE'S DOCK
For that very special occasion!
PROMOTIONS, LUNCHEONS, COCKTAIL PARTIES, ETC.
aboard
The Thames Sailing Barge "Jock"
Moored alongside the Tower Hotel.
Call and see us, or ring: David Marshall, 01-488 2553
Thames Sailing Barge "Jock," St. Katharine's Haven, Tower Bridge, E1.

APPOINTMENTS

Jonathan Wren · Banking Appointments
The personnel consultancy dealing exclusively with the banking profession

FOREIGN EXCHANGE ADVISER c. £9,000
The Treasury Department of a major corporation wishes to appoint a Graduate with Foreign Exchange expertise to the position of Foreign Exchange Adviser.
Candidates should be numerate and have the ability to interpret and evaluate Foreign Exchange markets, to develop hedging strategy and present that strategy to senior management.
The position reports to the Manager, Banking and Foreign Exchange.
Please contact: MIKE POPE

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Accountant
up to £8,000

This post could appeal equally to a newly-qualified accountant seeking exposure to Stock Exchange work as part of career development, or to a fully-experienced, but not necessarily qualified accountant who seeks an interesting and secure position.

You will work in the small, professional team responsible for supervising the accounting and financial requirements which The Stock Exchange places on its Member Firms. The work is stimulating and involves research, consultancy, investigations and other ad-hoc assignments, day-to-day contact with Member Firms and the accountancy profession.

A working knowledge of banking/Stock Exchange procedures, or partnership law and taxation, or audit work, is highly desirable.

We offer an attractive employment package which includes a non-contributory pension, five weeks' annual holiday, and assistance with relocation expenses where appropriate.

Please write with full details of your career and experience to date, or telephone for an application form, to Phil Mountford, Manager: Personnel Services, The Stock Exchange, London EC2N 1HP (01-588 2355 ext. 8086)

The Stock Exchange

INVEST IN 50,000 BETTER TOMORROWS!
50,000 people in the United Kingdom suffer from progressively paralysing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE.
We need your donation to enable us to continue our work for the CARE and WELFARE OF MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.
Please help—Send a donation today to:
Room F.1,
The Multiple Sclerosis Society of G.B. and N.I.
4 Tachbrook Street,
London SW1 1SJ

LEGAL NOTICES

No. 002332 of 1978
IN THE HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HALLCROP LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 21st day of July 1978, presented to the said Court by THE INTERNATIONAL PAINT COMPANY LIMITED trading as International Building Paints, whose registered office is at Henrietta House, 9 Henrietta Place, London W1A 1AD, Paint Manufacturers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 9th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

DILLON WESTON,
1a, Tenterden Street,
London W1A 2BB.
Ref: LWE/MAH. Tel: 01-629 9080.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 6th day of October 1978.

PUBLIC NOTICES

CITY OF CARDIFF
£1.5m bills issued 25.7.78 @ 9 11/32% to mature 24.10.78. Total applications were £17m. Total outstanding £1.5m.

COUNTY OF SOMERSET
£1m bills issued 26.7.78 @ 9 11/32% to mature 25.10.78. Total applications £6m. Total outstanding £1m.

EAST SUSSEX COUNTY COUNCIL BILLS
£3,000,000 Bills maturing on 25th October 1978 were offered and issued on 26th July 1978 at an average rate of 9 11/32% pa.
Total applications for this issue amounted to £34,000,000 and there are £8,000,000 Bills outstanding.

METROPOLITAN BOROUGH OF KNOWSLEY
£1m. bills issued 26.7.78 @ 9 11/32% to mature 25.10.78. Total applications £7m. Total outstanding £1m.

HAMPSHIRE COUNTY COUNCIL
£5m bills issued 26.7.78 @ 9 11/32% to mature 25.10.78. Total applications £37m. Total outstanding £30m.

RESIDENTIAL PROPERTY

GUERNSEY. Charming Open Market Bungalow. 3 double beds, large lounge and dining room. £80,000 or plus fully furnished if required. Write Box T.4922, Financial Times, 10, Cannon Street, EC4P 4BY.

CLUBS

EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1
NEW STRIPTEASE FLOORSHOW
THE GREAT BRITISH STRIP
Show at Midnight and 1 am.
Mon.-Fri. Closed Saturdays. 01-437 6455.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY & SECURITY

Boat alarm system

BOAT OWNERS who worry about the security of their vessels when they are not on board or even when they are, might do worse than invest in an alarm system such as is now being marketed by Marine and Vehicle Alarms (UK).

The system has been devised to cover such eventualities as fuel leaks, smoke and fire, intrusion and theft, bilge flooding and theft of externally fitted accessories.

Called Sealarm, the system is being marketed as a basic kit which includes a control unit, electronic "sounder" (106 decibels) and a key switch. In addition to the audible alarm, the navigation lights flash when the equipment is triggered.

Containing 11 separate channels, the system is powered by 12 volts dc from the craft's own batteries and it is possible by the key switch to select two modes of operation: boat attended or boat unattended.

In the case of the former, emphasis is on safety, the security aspects of the system being automatically disconnected. Up to seven channels are available for this situation and two of these are for the detection of gas or fuel leaks and toxic fumes.

In the boat unattended mode the system offers five separate channels covering unauthorised entry, tampering with the vessel or with the alarm system itself. Once triggered the alarm will continue to operate until it is reset by the owner or his deputy with the appropriate key.

The supplier says a variety of additional security and safety devices can be linked in with system which is claimed to be simple enough for the boat owner to instal himself. Full details about the equipment are available from Marine and Vehicle Alarms at Clifford House, New Road, Southampton (0703 37105).

Finds the hidden bug

PUT ON the market by Merck and Hollander and able to provide an answer to bugging devices, the Tracer SCD Automatic is a compact portable device which automatically scans all radio frequencies from 10 MHz to 1.8 GHz.

The unit warns of a hidden transmitter within seconds from "switch-on" and can detect the latest split frequency "sub carrier" devices which transmit on two different frequencies to avoid the risk of detection. Tracer detects these devices instantly. After a room has been "swept," the instrument can be left in a listening mode using a special antenna system which encircles the room to be protected.

More from Merck and Hollander, 11, Reading Road, Pangbourne, Berkshire, RG8 7LR (07357 2151).

TRACER PHONE
Integrated telephone and paging
CASS
Cass Electronics Limited
Phone Egham 6266 for information

Removes stains

A BIOLOGICAL solution which is said to remove rust, tarnish and verdigris without posing any health or safety hazards, comes from Unibond, Tuscam Way, Camberley, Surrey GU15 3DD (0276 63135).

The solution is called Biox and contains enzymes which remove oxides and other forms of corrosion and surface contamination from most metals, including iron, steel, copper, brass and aluminium.

The company claims it to be the first biological rust remover available to industry and says its introduction now enables high standards of health and safety to be established because the solution is non-flammable, non-poisonous, virtually odourless, harmless to the skin and biodegradable.

● CATERING

Does all the brain work

IN PLACE of the traditional cash register Wimpy's modernised restaurant in Notting Hill Gate, London, now has computer - controlled Documentor management information systems, supplied by Addressograph Multigraph, the first installation of this equipment.

Handwritten bills and mental arithmetic are now eliminated and assistants are no longer required to remember prices. The terminals have item keys corresponding to individual menu items, which when pressed tell the system exactly what the customer ordered. Using its internal memory the machine prints out a complete descriptive bill, recalling prices, calculating totals, and applying VAT where appropriate.

Throughout the day, AM Documentor maintains a raw product stock record, keeping a tally of what has been sold and how many. At a later date, a communication modem will be added to the system to allow data transfer with a central computer after hours.

More from Addressograph Multigraph at P.O. Box 17, Maylands Avenue, Hemel Hempstead, Herts. HP2 7ET (0442 2251).

Theatre on the road

An impression of a proposed inflatable structure for touring theatrical production units. The design shown here has been proposed for the Bubble Theatre Company by Pentagram Design. A structure similar to this has been used by the Bubble Theatre Company since 1974, but it has become outmoded and faced with increased audiences. Experiments with inflatable structures has resulted in a call for £150,000 to finance the development of an up-to-date structure that will provide all the facilities of a permanent theatre, i.e., green room, dressing rooms, front-of-house and bar facilities. Inflatable structures have been used for many years to provide both temporary and permanent storage and production areas for manufacturers and Pentagram Design has based its proposals on experience gained in these areas. Its latest design proposes accommodation for an audience of 350.

● TEXTILES

No fumes at the mill

IN THE textile trade woven—and some knitted—fabrics are taken through stenters or tenters as they are called in Yorkshire, for various reasons. In these machines they are held out to width on either chains carrying pins or simply clips, if it is not felt that pinning would be safe on light fabrics.

Many stenters are heated by gas and are used for either drying wet cloth or for setting thermoplastic synthetics or perhaps curing prints or resins applied to cloths. Heat setting and drying require very different temperatures.

One problem with the classical type of machine is that it generates and usually liberates noxious fumes which often are vaporised from the fabrics being treated although the fumes from the gas burners can also prove to be objectionable.

Now a design of stenter has been developed in Yorkshire by E. Gordon Whiteley (Beech Works, Morley, Leeds LS27 0NL. Tel: 0532 534955), which uses special gas burners developed by Dunlop. In these burners the waste gases from the stenter chambers are recirculated and any objectionable fumes are incinerated; then the hot gases are brought back into the chamber where together with the newly burned gas they maintain the operating temperature.

It is claimed that with this system not only is the atmosphere kept very much more pleasant and the environment not polluted, but there are also fuel savings of between 15 and 20 per cent compared with the burners in old type machines.

The new frames can be of either the vertical type as used in the Yorkshire wool-based trade, or of horizontal design and can run at up to 200 metres/minute. A new type of chain is used in both versions of the machine.

To aid setting the machines are fitted with the WIRA stenter control which checks the temperature of the cloth being processed as it enters the final chamber or, if necessary, it can be positioned even deeper in the machine.

The company says the machine is a significant development in the technology of stenter design and that it is suitable for handling not only woven fabrics but also knitted and nonwoven materials.

● COMMUNICATION

Telecoms power pack

TO MEET the needs of telecommunications authorities and others who need a complete, minimum-attention power supply that can be delivered straight to site to power, say, a telephone exchange, Dale Electric is offering a system housed in an ISO container suitable for use in all climatic conditions.

The unit can be supplied to meet various power level needs and can have one, two or three Dale air-cooled diesel generating sets operating in conjunction with Erskine dual rectifier/battery charger units with batteries to suit load requirements.

Considerable redundancy can be built in to guard against failure of particular units and environmentally little has been left to chance—there is even a distilled water storage tank in the battery compartment, which also has drainage points for removal of spilt acid or water on the floors, which are treated, along with the walls, against corrosion.

To ensure continued operation for up to four months without attention, the generating set compartment has a bulk lubricating oil tank with automatic level top-up equipment.

Called Gemini, the unit is completely assembled and tested at Dale's UK factory near Scarborough. All that is needed at the site is a concrete base or similar hard surface: it is then only necessary to fill up the lubrication system, fill and connect the fuel tank and plug in the load cables.

More from the company at Electricity Buildings, Filey, Yorks YO14 9PJ (0723 514141).

● INSTRUMENTS

Checks on water quality

ACCURATE measurement of the dissolved oxygen in water in, or about to be fed in to the environment remains one of the best ways of assessing its quality since this will determine the extent of acquatic and plant life.

But it is frequently necessary to measure other quantities as well, and to this end Abbey Electronics has developed an instrument that will provide data on pH, conductivity, specific ion level, temperature and depth.

Designed for rugged field use the unit is battery operated (using re-chargeable cells) and can operate with up to 150 metres of cable between sensor and display unit.

The equipment produces a fast response on all six measurements and shows the results on a liquid crystal display that is easily read in bright sunlight. The sensor cables simply plug into the main unit and a carousel device is provided for easy cable feeding and re-wind.

A version of the instrument can be supplied for the oxygen measurement only. More from the company at Charter Way, Macclesfield, Cheshire (0625 29531).

Covers any temperature requirement

AN OFF-THE-SHELF modular measurement system from Fluke International is designed to satisfy most of the temperature-measurement requirements in research and development, industrial production and laboratory environments.

Called Templak, the system is based on either a 2180A digital thermometer for applications using platinum or nickel resistance sensors, or a 2190A which is intended for use with a wide variety of thermocouples. Both instruments offer manually-selectable centigrade or fahrenheit operation. The 2180A has a resolution of 0.01 degrees and the 2190A 0.1 degrees. Optional equipment allows the definition of maximum/minimum limits by means of digital thumbwheel switches and a delta reading mode detects only variations around a temperature setpoint.

Digital and analogue outputs can be provided for external equipment and other options include alarm outputs, thermocouple calibration and a rechargeable battery pack.

With Fluke's new ruggedised industrial interlocking casings, each module can be clipped to the next, so that the Tempak can be tailored to meet individual requirements in one lightweight and convenient portable package. Additionally, the modules are adaptable for rack and panel mounting. When used together they are linked through a common accessory bus, which greatly simplifies the expansion of a system.

More from Fluke International Corporation, Garnett Close, Watford WD2 4TT (0923 33066).

● MATERIALS

Insulation with precision

A CRUCIAL part in America's space shuttle project is being played by LK Tool, a metrology specialist based at East Midlands Airport. The company has designed a lightweight unit, weighing only 30 lb, for correctly spacing the 34,000 silica glass insulating tiles that cover 70 per cent of the shuttle's surface. The rest is glass windshields and windows.

Each of the 34,000 tiles has to be accurately milled to match the curvature of the exact place on the aluminium skin it will occupy, and no two are alike. The great majority of them are 150-200 mm (6 or 8 in) square but several hundred have to be cut individually to complex shapes. To create a smooth dynamic shape in protecting the shuttle against entry temperatures of up to 1,260 degrees C the tiles must be accurately positioned 1/40thousandth of an inch apart (0.0004 in) on all sides for cooling purposes.

The job of positioning the tiles most awkwardly placed on the varying curvatures of the shuttle has defeated the Americans, a problem intensified by the fact that the shuttle will be used on more than one occasion so that replacement tiles need to be put on.

LK Tool's solution to this was to devise a lightweight aluminium portable three-axis co-ordinate measuring unit looking like a miniature space ship whose feet are planted on the tiles. Ten such machines are needed.

The company's expertise in the field of precise measurement has won it increasing business from aerospace and automotive customers from Rolls-Royce and General Dynamics to Ford in America and U.K. and Hyundai in S. Korea. Turnover in the year ended last March was nearly £2m. In the first three months of this financial year £1m worth of firm orders has been taken and another £3m is already being negotiated.

PETER CARTWRIGHT

The Management Page

EDITED BY CHRISTOPHER LORENZ

John Elliott reports on how the founder-owner of the Grundy group is adopting a novel approach to employee participation and profit-sharing

Handing over the reins of power

THE successful entrepreneur who spends his working life building up a growing and prosperous business must ultimately face what may well be the most difficult and disturbing decision of his career: what to do about the ownership, control and day-to-day management of the business when he gets old. Founders of such businesses are naturally often anxious to ensure a continuation of the style of management and the independence from outside pressures that they have fostered.

Ideal solutions are not easily found, however, especially with high taxation, and it is rare for the founder of a business to be able to pass on his inheritance intact. Often he will sell out to other shareholders or, occasionally, will turn his business over to his employees who become the owners through some sort of worker-co-operative trust.

A different solution, involving a charitable trust owning the company, a professional manager being imported to succeed the entrepreneur at the top, together with a novel approach to employee participation and profit sharing, is now being tried by Mr. Stanley Grundy, 74-year old founder of the Grundy Group of Teddington.

The group started nearly 50 years ago in architectural metal-working in Teddington and in 1934 there were 15 employees and a £25,000 annual turnover. Now there are a dozen companies with over 2,000 employees and a £35m turnover scattered in factories around the Home Counties, the Midlands and South Wales, making products that range from aluminium beer barrels and catering equipment to gun parts, stainless steel car exhausts and computer peripherals, and contents of scientific laboratories.

There are no outside shareholders and all investment is funded from the group's profits (apart from joint ventures like a car exhaust factory set up jointly with the British Steel Corporation at Ebbw Vale). Mr. Grundy has no sons or other members of his family to take over and for some years has been concerned about what to do with his still expanding business.

His own views on company ownership and management exclude some possible solutions. While he believes, for both paternalistic and practical reasons, that his employees should have a say in how business decisions are carried out and should share in the profits, he does not believe that they should confuse their functions and interests with those of the owners by becoming shareholders either through a share ownership or a worker-co-operative system. He also does not believe that the direction and management of the group should be complicated by shop stewards or other similar employees sitting in the boardroom.

"I don't believe it is possible for any worker to represent other workers" says Mr. Grundy. "He is either not an effective representative or he loses his credibility on the shop floor because he becomes part of management and so has no time to do his normal work and keep in touch with his fellow employees."

Mr. Grundy's search for a formula that would secure the continuation of his firm in the style he had created started in 1961, after he had studied various forms of co-partnership. He created the Stanley Grundy Trust as a charitable trust to sit as the top level of a two-tier structure on top of the main Grundy group board. The Trust now owns approaching 70 per cent of the company, with Mr. Grundy and his family retaining the rest. Its job is to establish "a satisfactory performance yardstick for the group and to ensure its successful achievement, and to allocate income from the group companies to suitable charitable causes."

When Mr. Grundy starts to withdraw from day-to-day charge of the group (he plans to semi-retire and maybe become president within 18 months), this Trust will gain importance. It will be the ultimate source of authority and the point of managerial accountability because there are no outside shareholders. At present its members are Mr. Grundy, his daughter who will remain as a major shareholder and the family's representative, the group's deputy chairman, its managing director, the managing director of its biggest operating company, and its financial director. Later one or two other operating managing directors may be invited to join, and two non-executive directors may be brought in from outside to watch over the resident managers and help to provide some sort of blocking mechanism on such issues as taking in outside shareholders, the allocation of profits and the fixing of top salaries.

The main risk is that Mr. Grundy's successor as chairman—with no outside shareholders to account to—could change the style of the company or let it slip away from its successful growth record. Mr. Grundy therefore looked carefully for a successor and eventually chose a senior GEC manager, Mr. Richard Reynolds, of whom he had heard through contacts in the electronics industry. Regarded within GEC as one of its bright young managing directors of the future, Mr. Reynolds, aged 41, was running the telephone section of GEC's telecommunications division. He moved to Grundy as group managing director and Mr. Grundy's heir apparent two years ago.

Mr. Reynolds now not only has to adapt from his GEC background to the general style of his new company, whose motto is "Adding to the quality of life." He will also have to work within an unusual employee participation system where an outsider is hired as an "employees' director" to represents the employees' views. This follows Mr. Grundy's belief that workers cannot effectively represent each other in dealings with top management and that, in any case, they are not qualified to make useful contributions in the boardroom.

The employees' director system started as an experiment 2½ years ago in a small Grundy factory in Gloucestershire—chosen, says Mr. Grundy, because the ripples caused by the experiment would not impinge on his other factories elsewhere.

It proved successful and is now being extended to an Uxbridge subsidiary, Morgan and Grundy, which makes scientific laboratories and employs 200 people, and to the group's main operating company, Grundy Teddington, which employs about 1,100 in four different locations.

The system—based on what is called a co-partnership trust—is broadly the same in each company and involves splitting the workforce into groups of about 20 to 30 people, each of which elects a trustee to sit on a trustee council covering the whole company. This council is in effect the employee's side of an ordinary joint consultative committee and works alongside, but is not based on, established trade union procedures. It is quite separate from the group level Stanley Grundy Trust which, as has already been explained, is the group's majority shareholder.

But an extra responsibility for the trustee council, in addition to various consultative arrangements linked to management decision-making, is that it helps to choose and hire an employees' director. In the Gloucestershire experiment the factory's personnel director, who had just retired, returned for a day a week to do the job. But the net has been cast wider for the Uxbridge and Teddington companies, whose trustee councils exposed the normally somewhat reticent group to unusual publicity by advertising in the national press for their employees' director.

The Uxbridge advertisement, which illustrated the problem that any employee participation system would have in trying to find outsiders to represent employees or hold the balance in a boardroom between differing interests, said: "Morgan and Grundy employees have already selected seven trustees who now wish to appoint a director to represent them on the main board. This part-time post will require an average of four to five days' work a month. Candidates should have strong, sound management experience—ideally at board level—but should be as much at home on the shop floor as in the boardroom. They will also have to be good communicators, be able to see both sides of any situation and clearly possess qualities of leadership."

Although the advertisement did not say so, the job carries a salary of about £2,000 to £3,000, while about £8,000 to £10,000 is being paid for the Teddington post which is full-time. The salaries are paid half by the company and half out of the employees' profit sharing allocation.

Mr. Grundy has the final say over who is appointed because the trustees have to submit their first two or three choices for him to interview. At the beginning he said he wanted someone with engineering experience. This system has just led to the appointment to the Teddington job of a man of about 50 who has been a company director and a management consultant.

This employees' director now has the difficult job of striking a balance between being an advocate for the employees and a member of the board. He also has to be accepted by the managers, which means he must not upset established lines of communication and authority. He will also have to strike up a relationship with the company's established trade unions, because the factories are heavily unionised, mainly through one of the minor craft-based engineering unions, the National Society of Metal Mechanics.

Up to now the unions have neither openly supported nor opposed Mr. Grundy's participation initiatives, which of course fall far short of the TUC's national industrial democracy demands. Some shop stewards have, however, been elected as members of the trustee councils and the unions may soon have to face up to the fact that the trustee council system could take over some of the employee consultation work that they have run in the past. Existing welfare and health and works committees are, however, being maintained to handle personnel matters.

Backing up this system is a profit sharing scheme under which cash handouts are paid to employees. These are related to the profits of their company and how labour or capital intensive their factories may be. Thus, for instance, 25 per cent of the more labour-intensive Gloucester factory's profits have gone recently to employees, while the percentage at Uxbridge was 20 per cent and at Teddington 15 per cent. The money is allocated to individual workers in proportion to their salary and length of service, and on average adds 10 per cent to their income. A small proportion of the group's total profits is given to charities and virtually all the rest is ploughed back to provide the group with its capital investment.

Some people will probably dismiss Mr. Grundy's initiatives as of little substance because the employees have no new rights of ownership or decision making. Others will say that the ideas are well meaning but paternalistic. But at a time when the survival and identity of small and medium-sized firms is a matter of national concern, and when the issue of how employees can make themselves heard in the boardroom and elsewhere is far from resolved, the Grundy developments are far from insignificant.

Ashley Ashwood

Professional manager Mr. Richard Reynolds (left), heir apparent to Mr. Stanley Grundy

The search for ways of preserving the financial power of your pension

EMPLOYEE BENEFITS

THE LAST column on pensions showed how an employee's pension rights are currently diluted if he changes jobs (this page May 31). An example compared the benefits acquired by a man staying in the same job as against one who changed jobs. The ultimate pension was lower, even though on change of job the employee secured a higher salary.

The Occupational Pensions Board has been asked to consider what further steps should be taken to protect the occupational pension rights and expectations of employees who change employment. Mr. Len Murray, of the TUC, speaking in May at the annual conference of the National Association of Pension Funds, stated that the ultimate pension should be the same irrespective of the number of times an employee changes jobs. Let us examine what this means.

A pension is based on the number of years an employee is a member of a pension scheme, and the level of his final salary. During his working life, his salary rises from promotional and merit increases and also from salary inflation.

The problem when an employee changes jobs is that under current practice his pension rights from his first employer are based on his salary at the time he left employment. It takes no account of the increases that would have been paid had he remained with that employer. The basic question to be answered is whether the former employer should revalue the pension to take account of these increases. There is a strong case that he should at least revalue for salary inflation.

In funding for the ultimate pension, the employer should have taken into account future inflationary increases, either directly through the amount of contributions paid or indirectly on the assumptions made regarding the investment return. So whatever method is used, the employer should accept responsibility for preserving the real value of pensions based on the salary level of employees when they leave his employment. At present, the employer makes a profit when an employee leaves compared with the costs should he have stayed.

Although many employers, on the advice of their consultants, also make allowance for future promotional and merit increases in funding pensions, employees in all fairness cannot expect their previous employers to adjust pensions for such increases once they have left their employment. This must surely be the responsibility of the new employer. So the fairest solution to the problem of preserving pension rights would be on the following lines.

On leaving service, the pension earned from the previous employer would be revalued so that it maintained its value in line with earnings increases. But nothing more should be imposed on that employer.

This solution would not mean that the employee would be no worse off than if he stayed with one employer. He would lose the full benefit of promotional and merit increases received from his second employer. But it should be the responsibility of that employer to make up any difference, either through an individual pension arrangement within or outside the company pension scheme. This should be bargained for by the individual on changing employment.

There would be several problems to overcome if this solution were to be adopted.

The first would be to decide how to revalue the paid-up pension. The ideal index would be that of National Average Earnings: after all, pensions are now regarded as deferred pay, and by basing pensions on final salary, employers are effectively revaluing pension entitlement in line with earnings. But this revaluation would leave the employer with an open-ended commitment. He would not know at the time the employee left his service what the ultimate pension requirement would be. If pay increases returned to the 20 per cent rate seen in 1974-75, the cost of revaluation could be very expensive.

In such circumstances, employers would find the burden heavy for existing employees; the extra burden for previous employees could be the last straw. The drain on resources would be too much.

There should therefore be an upper limit on the revaluation, so that when the employee left the investment policy could be adjusted accordingly. This is what happens to guaranteed minimum pension (GMP) preservation on contraction-out. The employer can revalue the pension up to 8½ per cent and the State meets any cost on top of this figure.

An alternative would be for the employee's previous pension scheme to pay his current one a lump sum to enable it to take on complete responsibility for his or her pension. This also happens in the State scheme, where the GMP responsibility can be taken over by the payment of a lump sum.

This seems a logical solution to the layman, but the experts do not like it very much. The problems of calculating the lump sum are not too complicated if the pension schemes are similar in terms of both the level of benefits provided and of the retirement age. Where they differ, and many do, then actuaries could argue for ever on the method of calculation.

The other solution being put forward is that employers should stop funded pension schemes and revert to a pay-as-you-go system, where current pensions are paid by the employer out of company earnings. Then the employee would bargain for his pension entitlement and the company employing him at the time of retirement would pay the pension bill. As long as the emphasis in the UK is on the absolute solvency of pension schemes, this solution is a non-starter. But it needs further consideration.

Eric Short

Why business must make itself heard

LAST NIGHT, in the rural Hertfordshire setting of the Ashridge Management College, Lord Watkinson, until recently president of the CBI, announced that he was handing to the college the papers and documents collected in 50 years' experience of top industrial and government positions.

Taking the opportunity to reflect upon the performance of British management over the years, Lord Watkinson said he had always believed "that management failure lies in an unwillingness or inability to make a mark on the outside world of affairs."

Management has concentrated solely on the success of its own businesses and forgotten, in too many cases, that its employees were not just clock-card numbers, but real people in a community with lives of their own; and that national and local government could not be the sole preserve of politicians, because they set the frame in which industry has to work, whether they liked it or not, said Lord Watkinson.

"So, managers have neglected the most important issue of all, which is that the business voice must be heard in debates on public policy, if we are to get the right backing for industry."

He went on to say that here lay the cause of such ailments as low productivity, industrial militancy and governments who hung legislative millstones around the necks of business.

"It is really essential to the future of our country that we learn how to do better at the interface between business and government."

It was, he explained, to help overcome this problem that he was contributing a number of papers and documents spanning his extensive career in government and industry. These will include those of his ministerial papers which the Cabinet Office will clear before the 30-year rule. In addition: "Some 50,000 words of description of how I have seen the interface between industry and government under six Prime Ministers, and some thoughts and papers on the future of industrial participation at company level and at national level through NEDC, of which I was a member for two years."

He called on other industrialists with experience of the corridors of Whitehall to follow his example so that Ashridge could build a "unique syllabus" for directors and senior managers on their relationship with government.

Jason Crisp

COMPUTER FRAUD ON THE QE2

The first international conference on Computer Fraud is to be held aboard the QE2, on her scheduled Atlantic crossing, on 20th September to 25th September 1978.

Senior Management on both sides of the Atlantic are being invited to attend. The conference will demonstrate in a practical manner, how and where the risks of fraud can occur, and how they can be detected and countered.

The conference is being organised by 20th Century Security Education Ltd., Cleeve Road, Leatherhead, Surrey. Should you wish to be part of this unique conference, contact Peter Helms on Leatherhead 74503.

Looking at Leicester

National Cycling Championships this week; Gillette Cup cricket next. There's a lot to enjoy in Leicester—especially if you're a sportsman.

Enquiries to: Gordon K Smith FRICS
Industrial Development Officer
Telephone 0533 549922 Ext.6700

or John Brown FRICS
Industrial Promotion Officer
Telephone 0533 549922 Ext.6760

Leicester City Estates Dept.,
New Walk Centre,
Leicester LE1 6ZG.

LEICESTER
Right at the centre

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Naming nominees

Four others and myself are forming a company, but it is important at this stage that my name is not listed as a director. Would it be legal for my wife to be appointed and hold the shares in her maiden name as we wish to keep our surname off the listing?

It is permissible to have shares held by nominees for an undisclosed principal or beneficiary; indeed it is a common practice. You may prefer not to procure your wife to use her maiden name (if she does not habitually do so), but to arrange for an independent nominee e.g. your solicitor or accountant. Of course, if not shown on returns as a director you should not act as such.

Land letting

For some years I have allowed a farmer to graze his cattle occasionally on a field I own, in return for which he keeps the field tidy, but pays no rent. He has now asked me to let him use the field for four to five years. What do you think I should do to make sure I do not convey on future legal rights to use the land to him?

If you effect a letting you will be wise to make it fall within the provisions of Section 2 of the Agricultural Holdings Act 1948. You can do this by restricting the use of the field to grazing or mowing hay only and making the letting for a term certain of less than a year, e.g. 360 days. You can then make a fresh letting a few days later for a period of 360 days, and so on. But you must NOT provide in the tenancy itself for the term to be renewed.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

'I could use six more like Sam. But right now I couldn't pay them.'

If yours is a private manufacturing firm then you may be entitled to financial help from the Government.

If you employed under 200 people on 15th March 1978 in an Assisted Area, or one of the Inner City Areas within London and Birmingham, then under the Small Firms Employment Subsidy every extra full-time person you take on could get you £20 a week–and certain part-time workers £10 a week. You could get this for up to 26 weeks, which should see you over their initial period while they gain experience.

The map shows the approximate locations of the Assisted Areas. Send in the coupon for the explanatory leaflet on the Small Firms Employment Subsidy, or phone Jack Bellis on 01-214 6446. This scheme is open for application until 31st March, 1979. And the sooner you apply, the better.

Small Firms Employment Subsidy

Please send me details of the Small Firms Employment Subsidy Scheme, and the areas in which it applies.

Name________
Company________
Address________

Post to: Jack Bellis, Small Firms Employment Subsidy, P.O. Box 702, London SW20 8SZ, or telephone him on 01-214 6446.

Department of Employment DE

The enigma of Mr. Healey

BY PETER RIDDELL

VICTORIAN novelists used to prepare their readers for the sudden demise of a favourite character with several pages of doom-laden prologue, but the disciplines of this column preclude such comforts. The stark possibility must be faced; Mr. Denis Healey may be making his last Parliamentary appearance as Chancellor of the Exchequer within the next week. This event has, of course, been predicted with regular inaccuracy over the last two years, but now it does seem as though, whatever the result of the General Election, there will shortly be a new Chancellor.

Adjustment

It is difficult to imagine another Chancellor; after all, the Barber years now seem almost a generation ago. But just as it is now hard to remember that Sir Harold Wilson was Prime Minister only two and a half years ago, so everyone will have adjusted within a year's time to Sir Geoffrey Howe, Mr. Peter Shore, Mr. Edmund Dell or whoever else is in 11 Downing Street. It is naturally far too early to reach any assessment of the Healey Chancellorship—the longest in living memory. But there is still time before his probable departure for him to resolve part of the enigma about his views.

Apart from all the controversy over his actions, or inactions, the central puzzle about Mr. Healey is that it is very difficult to say what he believes. Almost all his speeches are about specific Treasury issues, admittedly of a wide-ranging kind, and there is almost never any attempt to discuss long-term objectives or goals. This is curious given Mr. Healey's undoubted intellectual stature and it contrasts with the flurry of speeches about social democracy and socialism from men of obviously lesser ability in the Cabinet.

Mr. Healey's refusal to join in the competition for Anthony Crosland's mantle as socialist thinker of his generation could be regarded as sensible in view of the banality of some of the other contributions. Yet, curiously, Mr. Healey almost revels in his absence of ideology. In a recent U.S. television interview, he pointed out that British politics had always appeared deficient to outside observers since it had few theorists. After, contentiously, asserting that theorists flourished in left-wing movements at their birth but in right-wing movements at their death, he argued that socialist theory could only set a sense of direction.

But it is questionable whether Mr. Healey even points a way forward. The industrial strategy and the counter-inflation policy, the central planks of his Chancellorship, only really add up to a tactical commitment to a commonplace set of goals.

But perhaps this style and approach really do represent the essence of the man. On this view, Mr. Healey can best be regarded as a manager devoid of any ideological commitment apart from support from a corporate state framework and a concern with survival. The tag Heath-Healeyism invented by my colleague Samuel Brittan is apposite for this stance with the whole machinery of tripartite consultation and deals representing *an ideology in itself*. This is, however, a long way from any view of socialism, as conceived by Mr. Anthony Wedgwood Benn or of social democracy/democratic socialism as proposed by Anthony Crosland and his successors.

There is no suggestion of real radicalism in Mr. Healey's approach. Indeed, he has consistently avoided proposing major structural changes since becoming Chancellor in March, 1974. Apart from capital transfer tax—about which he has been lukewarm—there have been no fundamental changes in the tax structure in the last four years which have been remotely comparable to the reforms of the Barber era. This may not be regarded as a bad thing—certainly from the point of view of the Inland Revenue. But this absence of radicalism is not only a response to the pressure of circumstances but also an indicator of temperament, as shown by his indifference to the Meade proposals on tax.

Holiday task

In this respect Mr. Healey is only typical of most of the present administration. This may be a major reason why the Chancellor and the Prime Minister have won grudging respect from wide sections of business. Although it is possible to establish what some left-wing ministers and the Labour Party in the country might do with another Parliamentary term, it is much more difficult to know what an administration headed by either Mr. Callaghan or Mr. Healey actually wants to do, apart from continuing to manage the country. It is ironic that the Conservatives are now the party with a clear vision. Perhaps Mr. Healey could spend some of his holiday composing a speech setting out his longer-term views and commitments; it might appeal to him just to prove his critics wrong.

Now is the time to make new from old

GARDENS TODAY

BY ROBIN LANE FOX

TOO MANY gardeners are still too shy about taking their own cuttings. They think it is an area for nurserymen, not for private gardens. A box of rooted Pinks, Buddleias or Lavender leaves them believing in green fingers and crediting me with more skill than the weeds all over my slowly-emergent vegetable garden would otherwise suggest. Ah, but he grows his own Skimmias and things called *Caryopteris*, they tell themselves. No wonder the FT gives him space, even if his attitude to mildew and weeds in the lawn is far slacker than those who do not make themselves heard every week.

If there is any one useful thing I can tell you, it is simply that most cuttings are absurdly easy. You soon develop a feel for them and know instinctively, the point from which roots will sprout most simply. The next fortnight is the height of the cutting-season, especially now that we have had some rain. It is a crucial time, then, if you want to improve your gardens at no expense. Your own rooted cuttings, grown on toughly in plain local earth, will stand a far better chance than those pot-grown little pieces which are sold for 40p each by nurserymen in nothing more than a light seedling compost. Friends and neighbours are always generous when asked for unrooted bits of this or that. My best plants have all been begged or grown-on privately. The next fortnight or so is the time to multiply your good things, introduce other people's and enjoy the pleasant work of taking and striking the bits and pieces.

There are one or two tricks, not many, and I had better set them out. You need a sharp knife or a razor blade, some polythene bags and as many pots and seed boxes as you can fill. Your compost should be light. Cuttings insist on sharp drainage. Make three heaps, one of your own soil or a reasonable potting-loam, if it happens to be heavy clay, another of peat, another of sand or grit. One part of soil to two of peat and two of sand is an excellent balance. Water it well before planting, allowing it to dry up overnight before you handle it. Like a good cake-mix, your cutting-compost should be damp and smooth but not sticky when you come to touch it.

It is an obvious point, often ignored, that you should take cuttings of the healthiest parent-plant which you can find. From all of the varieties I mention, choose this year's growth which has not yet flowered. Try to take it where the new growth joins the harder and older stem. On almost everything, this is the best point for new roots. Younger growth has to harden its end into a callous before it roots. Better, then, to start with a hardened end already. Hardened cuttings can be taken with a "heel," no complication, really, just a short tongue of wood torn off lightly from the parent stem and left untrimmed on the cutting's base.

Never allow your cuttings to wilt or sit in the sun. It is best, then, to have a polythene bag with you and slip them into it and tie it as soon as you take them. Bring them back to your pots and boxes. Trim off their lower leaves cleanly with the razor-blade, so that half the length of a three- or four-inch cutting is left bare. If you happen to have picked bits with buds or flowers, cut them out of the tops. Then, put about half your cutting's length, the bare half, into the damp compost, so that it all stands up vertically. Press the soil firmly round it so that it would not slip out if you were to tug at it. This firmness is most important. In pots, those cuttings which are put near the side of the pot will almost always root more quickly. Their drainage is better. So let them hug the sides as you space them. Generally, limit the density of leaf which is left showing. Otherwise it tends to rot.

Next you turn to the polythene bag. Slip it over the pot or box, supporting it on longish twigs or canes so that it no longer touches the cutting's greenery. Fasten it under the box so that no air enters. Leave it on, without watering, until the cuttings seem to be growing, three weeks or so later. They will sweat, meanwhile, into the polythene, but they will not dry out. When they seem to be showing new growth, slit the bag to let in a little air gently at first. Then, after two or three days, remove it. A week or so later you can plant the cuttings out.

It is, honestly, as easy as that. It may well help you if you dip your cuttings into one of the hormone rooting-powders such as Seradix B before you firm them into the earth. I am never sure that this speeds them up. But it does pay to experiment.

Almost everybody knows that Pinks and Fuchsias root like bindweed from a cutting as long as you cut them cleanly, without leaving a thin empty tube of stem on your piece. Take them, then, below the joint. But what about Daphnes, not least the lovely *Odora*, Skimmias for winter evergreens, silvers variegated and good golden Thymes, Rosemary, all Lavenders, especially the dark blue Hidcote which you need in big clumps, all the rock Campanulas, Hebes, Buddleia, Mock Orange Blossom, Rubus "Benenden" and every sort of Penstemon? They are all so obliging and so much better by the 20 or 30, the yield of any one parent-plant. Spend a quiet evening with the bags and blades. If you want a bold garden, full of your best things in masses, the next two weeks, while growth is beginning to slow, are the weeks in which to attain it at no cost.

Jaazeiro seems set to take Sussex stakes today

RACING

BY DOMINIC WIGAN

OPINIONS were divided about how much Jaazeiro had in hand when defeating Persian Bold in the St. James's Palace Stakes at Royal Ascot last month.

My belief is that the head that separated the two at the winning post could have been extended a little, if at all. However, Persian Bold is a good colt, and he, in turn, finished six lengths ahead of Formidable, who, nonetheless, turns out again this afternoon against Jaazeiro in the Sussex Stakes, at Goodwood.

With Piggott in the saddle, Jaazeiro is sure to start favourite and I think that he will win from the five-year-old Radetzky, who ran so well when a close third behind Gunner B and Balmerino in the Eclipse Stakes at Sandown and who will be better suited by a mile.

Lake City, a convincing winner of the Coventry Stakes at the Royal Ascot meeting, misses the Richmond Stakes in which the way seems clear for Moulin who finished like a train, two lengths behind the Price juvenile on that occasion. Since then, Moulin has run Main Reef to a short head in the July Stakes at Newmarket, where he looked all over the winner until the favourite rallied close to home.

All at Sea would have to reproduce only the form shown when close-up fifth behind Tug of War in the Joe Coral Northumberland Plate to go close for the Goodwood Stakes in which Matinale is the subject of favourable reports.

A year ago, Ryan Price and stable jockey, Brian Taylor, got themselves and many local racegoers off to an encouraging start on this second afternoon when Popular Win justified joint favouritism in the Findon Stakes.

I see little reason why the once-raced Melanesta should not again do the trick for them.

A short while ago, this daughter of Sea Tune—a half-sister to Idiot's Delight—shaped well when chasing home Rather Warm at Brighton.

Stay-at-home racing enthusiasts are particularly well catered for today for in addition to the BBC's four-race coverage of Goodwood, ITV will be televising the same number of races from the east Yorkshire course of Redcar.

There, by far the most valuable event on the card is the Vaux Breweries' Gold Tankard in which Sea Pigeon will be trying to defy another welter burden.

Mick Easterby's remarkable eight-year-old is sure to make a brave effort, but I somehow doubt his giving almost 2 st to Humdoleila whose handler, Barry Hills, has his team in particularly fine fettle.

GOODWOOD
1.45—Melanesta***
2.15—Moulin
2.50—All at Sea
3.30—Jaazeiro*
4.00—Pipedreamer
4.30—Amerian

REDCAR
2.30—Alber Run
3.05—Humdoleila**
3.35—Molyvos
4.05—Blood Orange

DONCASTER
6.45—Pams Gleam
7.10—Junella
7.40—Laldheer

Plan to improve science lessons in London

A TRAINING programme for teachers aimed at improving the quantity and quality of science education in primary schools is being prepared by the Inner London Education Authority's primary and science inspectors.

The initiative is a response to the concern expressed nationally about the standard of science education in the country's primary schools. The authority's scheme will be designed to involve all its 845 primary schools over a period of six years.

Its aim is to enable primary teachers to introduce aspects of science into their teaching in conjunction with other subjects in the primary curriculum, such as mathematics and environmental studies, and in project work.

A programme of science courses for primary teachers will be instituted followed by continuing advice from a team including inspectors, staff of science teachers' centres and college of education lecturers.

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40 am Open University (Ultra High Frequency only). 9.55 Magic Roundabout. 10.00 Jackanory. 10.15 Pink Panther (cartoon). †10.35 Belle and Sebastian. 1.15 pm News. 1.30 Fingerbobs. 2.00 Glorious Goodwood. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Boss Cat (cartoon). 5.10 Newsround Weekly. 5.35 The Wombles.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.55 The Wednesday Film: 'Gorgo.' starring Bill Travers
8.10 Z Cars
9.00 News
9.25 The Risk Business: Britain's flagging phone industry
10.05 Come Dancing
10.45 Omnibus — Henry Moore: The language of Sculpture
11.35 The Sky at Night
11.55 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.10 pm Pen Draw'r Byd. 5.55 Wales Today. 6.55 Heddiw. 7.15 Pawb Yn Ei Fro. 7.40 Come Back Mrs. Noah. 11.55 News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—4.18 pm Northern Ireland News. 5.55 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 am Open University
10.33 Gharbar
11.00 Play School (as BBC-1 4.20 pm)
11.25 Open University
4.55 Open University
7.00 News on 2 Headlines
7.05 Erica on Embroidery
7.15 An ABC of Music
7.30 News on 2
7.40 Rhythm on 2 with Herb Reed
8.10 Brass Tacks
9.00 Call My Bluff
9.30 Globe Theatre
11.15 Late News on 2
11.25 Closedown, Reading

BBC-2 Wales only—1.45 pm Afternoon Out at the Royal Welsh Show.

LONDON

9.30 am A Place to Live. 9.55 Catch '77. 10.20 Oscar. 10.30 The Flintstones. 10.50 Nature of Things. 11.45 Beany and Cecil Cartoons. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 Sounds of Britain. 1.00 News plus FT Index. 1.20 Help! 1.30 Young Ramsey. 2.25 Racing from Redcar. 4.20 Michael Bentine's Potty Time. 4.45 Search and Rescue. 5.15 Gambit.

5.45 News
6.00 Thames at 6
6.35 Crossroads
7.00 Don't Ask Me
7.30 Coronation Street
8.00 London Night Out
9.00 The Secret Life of Edward James
10.00 News
10.30 Best Sellers
12.15 am Close: Xanthi Gardner reads from 'The Prophet' by Kahlil Gibran

All IBA Regions as London except at the following times:—

F.T. CROSSWORD PUZZLE No. 3,728

ACROSS

1 Opening pair in Scotland on a walk mix up phone call (8)
5 Obsession caught by madman (6)
9 Sensible enough to share a pound (8)
10 Make a big effort to produce Sound of Music (6)
11 Better able to join 3rd class bar on the Queen Elizabeth (8)
12 Unsightly remains of a lot of little beasts (6)
14 Come out of aerial dive to No. 10 in apartment block abroad (7, 3)
18 Corner at less than 90 (5, 5)
22 Hanged if it isn't mended (6)
23 Attending lectures and going the right way (2, 6)
24 Opposed to a part song (6)
25 In favour of express gland (8)
26 Lust he may develop to get money illicitly (6)
27 Worship idol on broken tray? How odd! (8)

DOWN

1 Came out impressed (6)
2 You bet for choice (6)
3 Low sound Neddy suggested (6)
4 Don't touch holiday by oneself (5, 5)
6 Reached at and ate something different (8)
7 Laziness during battle (8)
8 Sorry to find study commonplace (8)
13 Former redhead joins degree man briefly in Russia (10)
15 Marks for instance not taking cheques (4, 4)
16 Shares accommodation (8)
17 Disclose outside right's volte face (8)
19 Code left for a bit (6)
20 Stroke in water caused by mad bear over the way (6)
21 In this place Surrey breeds unorthodoxy (6)

SOLUTION TO PUZZLE No. 3,727

POISONOUS TONIC
AMPLE EMENDATOR
MARGINALLY SHOE
CHAFFER CRUMPET
RETIRES DESTINY
SALT PEPPERMINT
RIDDLINGS TRIPE
WHEAT MATCHLESS

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Makarova in Hamburg

by CLEMENT CRISP

he ballet season in Hamburg is with ten days of per-mances, and for the past four rs the culminating event has n the Nijinsky Gala. This is tar-studded event, but more vincing than most such irs because John Neumeier— Hamburg Ballet's director choreographer—has a feel-for ballet's history and its erberations in the work he s today. This year, celebrat-the completion of a trilogy Chaikovsky classics in his own sions, Neumeier dedicated gala to Chaikovsky. Petipa Ivanov were represented, urally enough; but Balan-ne too, and Cranko, and imeier himself. Sunday's tivity was prefaced by a per-mance of Neumeier's *Nut-cker* on Saturday, featuring talya Makarova, who was also chief luminary at the gala.

Everyone is entitled to "have o" at *Nutcracker* nowadays, its original scenario is lous, intractable. Like a little lady hung about with the monds of Chaikovsky's score ering down a dark side-street, invites the attentions of iourable rescuers as well as muggers. Neumeier's inten-ns are chivalrous; they are o clever, in that he has ided to make this final aikovsky score serve as a com-ntary upon the ballet of its ie. Thus his *Nutcracker* comes a ballet about ballet as art of the theatre. The Stahl-um family still begin the story h a party, but it is for young rie's birthday; her elder sister uise (Makarova) is a ballerina; brother Fritz is a cadet, and ong the guests are Gunther, adet leader (who will become embodiment of Marie's nut cker toy, and is Louise's u), and Drosselmeyer. He is longer the traditional gician: here he becomes a llet-master who bears an ex-ordinary likeness, in Max dinet's clever performance as ll as in Neumeier's dramatic ieme, to Marius Petipa.

Marie, like many another little l, is ballet-mad; the gift to r of a pair of point shoes ables Neumeier to turn the ow-flakes sequence into a eam in which the child is led Drosselmeyer-Petipa into a llet class. She discovers her-lf to be a dancer, and the snow-kes are the corps de ballet. r aspirations find an ecstatic alisation when Louise appears, stumed after the fashion of a gas danseuse.

To the interpolated violin tr'acte from *The Sleeping auty* there ensues a duet for uise and Drosselmeyer which arts with barre work, and velops into a brief poem in ich the relationship between ncer and choreographer, and e nobility of the classic dance, e celebrated. Dancers are, I metimes think, at their most autiful in class, because ripped bare of everything ex-pt the dance itself. Certainly akarova in passages of feathery lage, or simply standing in first sition, becomes the incarnation the classic dance. The quence is delicate, unstressed, quisite, and most movingly ne by Makarova and Midinet.

Marie's dream continues into e second act, wherein the agic of the theatre itself takes er. Drosselmeyer guides the ild (an unforced performance Marianne Kruuse) through e orchestra pit as the journey usic for Act 2 begins, up a dder and on to the fore-stage. he curtain rises, the stage is n, and the ensuing divertisse-ents offer some joking refer-nces to Petipa's ballets. Makarova and Ivan Liska, the unther of the staging and an ttractive dancer and sterling artner, are given the grand as de deux: alas, not Ivanov's riginal, save for the outline of e Sugar Plum Fairy's solo, hich Marie inherits. For Makarova there is a pretty solo to Cinderella's waltz from *Sleeping Beauty*, through which the ballerina sails deliciously, and the ballet ends with Marie returned to the real world of her home.

Originality of ideas would not alone justify this version. Neumeier has also given the production an insinuating charm, and the vein of seriousness that runs through the work makes it far more than a divertissement, for all that its tone is light. The Hamburg dancers looked a most attractive company in it: musical, enthusiastic, and with an almost tangible sense of dedication to their work. It is high time they were seen in London.

The Nijinsky Gala on Sunday began with a lively and honest account of Balanchine's *Allegro Brillante*, expertly led by Magali Messac and Ivan Liska. Nothing tentative here; what it lacked in the ultimate Balanchinian sharpness was made up with verve. There followed the first pair of guests from Paris: Florence Clerc and Charles Jude in the final duet from *Sleeping Beauty*. Clerc is a delightful young *étoile* from the Opéra, delicate in manner and with a happy ease of style; Jude bounds lithely, and has a well-rounded technique; but what they danced was a thoroughly suspect and mimsy version of Petipa's great duet, in no way enhanced by finicky mannerisms. Their colleagues, Ghislaine Thesmar and Michael Denard, senior étoiles at the Opéra, fared no better in Balanchine's *Chaikovsky pas de deux*, which looked as if they were in pursuit of its choreography rather as one runs after a bus. More appealing was the account of Tatyana's letter scene from *Onegin* by one of Hamburg's own principals, Colleen Scott, with Yuri Vamos from Munich as a powerful Onegin. With her supple lyric style, Colleen Scott is a Tatyana of real distinction.

The centre of the programme was Makarova in the second act of *Swan Lake*, with François Klauss as Siegfried. Makarova took the stage in majesty: she has no peer in the role in West or East, and the Odette who came to rest by the lake was a creature of huge despair. Spiritually the reading was dark-toned, unlit by any ray of hope; technically the dances seemed poised just above the stage, suspended from the arc of her arms as they beat and curved in sorrow. Unique emotional and physical control of the part; movement utterly communicative; dancing of genius.

Makarova also appeared in the chief novelty of the evening: *Elegy*, a new duet by Neumeier the the first movement of Chaikovsky's Suite No. 3, in which she was partnered by Patrick Bissell, a young dancer who has recently joined American Ballet Theatre. Neumeier has found a "different" Makarova, a woman fraught and unhappy, recalling past love and past distress, her dancing combining sharp accents and vivid dynamics with complex and beautiful lifts in which Bissell shows himself a secure partner. *Elegy* is a brilliant essay in emotionalism, desolate and neurotic in mood, and Makarova and Neumeier bring it off perfectly.

Natalya Makarova

With an excerpt from Neumeier's *The Fairy's Kiss*—the Mill Scene well danced by Lynne Charles and Marianne Kruuse, Kevin Haigen and Roy Wierzbicki—and the final March and Apotheosis from *Beauty*, set by Neumeier to show off the entire ensemble in simple classic sequences, the gala ended: it was an achievement meriting much gratitude.

And as a post-script for the history books, I must record that at a celebratory gathering after the performance—in which the holiday-bound dancers demonstrated something like Sunday Night Fever — Makarova and Neumeier were suddenly involved in an impromptu tango of positively atomic bravura which nearly set the dance floor alight.

Nottingham Playhouse plans

Nottingham Playhouse will reopen after a brief summer closure on September 13, with a major production of Shakespeare's Henry V. This will be joined on September 27 by Tom Stoppard's Jumpers, which will stay in repertoire until October 14.

On October 18, the Playhouse will present the world premiere of a play by Barry Collins, called The Strongest Man in the World, which will be performed in repertoire with Henry V until November 4.

Their places will be taken by John Arden and Margaretta D'Arcy's play about Ireland, The Little Grey Home in the West, presented jointly with Foco Novo (November 8) and George Farquhar's comedy The Beaux' Stratagem (November 18).

There will be an extensive programme of Sunday shows featuring Roger Woodward and the Philip Jones Brass Ensemble (October 1): Nottingham Music Theatre (October 8); a presentation by Air Jamaica called "Come Home to Jamaica" (October 15); The Warsaw Music Workshop (October 22); The Steelband Association of Great Britain (October 29); The Yetties (November 12); Interim Theatre Company (November 19); The Black and White Boyfriend (November 26); Nexus (December 10). There will be Lunchtime Proms on October 30 and December 22.

Festival Hall

Batsheva Dance Company

by CLEMENT CRISP

The Batsheva Dance Company made their first British appearance in Bath a dozen years ago, and impressed us then as a healthy and interesting Modern Dance troupe. On Monday, at the official opening of their London season, I would like to report that the impression was as favourable, but an oddly chosen programme did little to set off the company's qualities.

The evening began with a work which John Cranko made especially for Batsheva in 1971, and beyond its all-too-evident sincerity, *Song of my People* amounts to very little. Cranko composed it to a cycle of 13 Hebrew poems by various authors (magnificently read) which are in effect a journey from death —the abomination of Jews massacred by the German army — to re-birth in the praise of God. It ill becomes anyone to pass comment upon this theme; but Cranko's choreography, tailored perhaps to the company as it was in 1971, is the lamest prose when compared with the text on whose heels it treads. It neither invites, nor receives, performances of any merit other than earnestness.

About the other work, *The Green Table*, I have to admit a massive indifference, though I am assured variously that it is a "significant" creation. I find Kurt Jooss's choreography desperately dated—the piece was made for a dance competition in 1932—and his expressionistic manner quaint but unconvincing; it lacks even the vicious bite of a good political cartoon of its period. The company performances were sound but unremarkable.

Between these two pieces, Galina and Valery Panov, guests with Batsheva, appeared in *Belong*. This is a pas de deux by Norbert Vesak set to some saccharin nonsense by a pop group, and it amounts to an old-fashioned adagio dance of the type which used to be seen in Music Halls. Wearing shiny leotards that make them look somehow like sardines, Mr. and Mrs. Panov intersperse dizzying pirouettes with a great deal of yearning. I found the affair remarkable for its sentimentality.

Questors, Ealing

Faust by MICHAEL COVENEY

We have countless subsidised studio theatres in the country but I do not recall one of them ever tackling Goethe's fascinating *Urfaust*, a powerful chamber piece and the basis of the first part of the poet's mammoth life-long undertaking. The amateurs at Ealing, with a fine disregard for English insularity in these matters, have come up with a very serviceable version of the short play, written between 1773-75. It contains the whole of Faust's involvement with Gretchen, the scene of Mephistopheles and the Student, the Leipzig beer cellar revels.

The Gretchen saga comes across with real force in David Emmet's admirably turned translation (no rhymes or Alexandrines), a bare-bones, sensibly literal job ideal for what is, of necessity, a modest production. The audience is seated on fifty seats around a sunken arena in the studio theatre and, although the 1887 Göchhausen edition contains no display of Faust's diabolic pact, the liaison is successfully established in the acting of Mike Langridge (Faust) and the upright, black-garbed, slightly sneering figure of Alan Chisholm as Mephistopheles.

It is enthralling to witness the development of Faust's doomed passion for the country girl and, as the play shifts, in its later stages, into a moving examination of the doctor's impact on a rustic community with its religious rites and simple morals, it makes sense for Mr. Emmet to incorporate the murder of Valentin from the longer play. The plot to murder Gretchen's mother, the appearance of an Evil Spirit to haunt the pregnant girl, the final farewell as Faust is torn away from the scene of his "crime"—all this is staged with simple dignity.

A slight air of forced experimentalism (black leotards for stage-managing extras and plink-plonk percussive effects for the elements) is a small price to pay for the chance of seeing a piece that should not be beyond some of our more prestigious companies. Christine Curran does remarkably well with Gretchen's extraordinary final speeches, and the company go about their business throughout with purpose and integrity. It is a rewarding evening, a considerable feather in the Questors' cap. Mr. Emmet is also the director.

Television

Compliments of the season by CHRIS DUNKLEY

The third Edinburgh International Television Festival, and the 30th Prix Italia Television Festival combine to form a huge midsummer interruption, and since interest will have shifted to the autumn schedules, and quite possibly the election, by the time I return, this column will be my last word on British television's 1978 summer season—and there seems to be a lot to cover.

A tribute first to John Mortimer who has proved to be the most prolific, assiduous, and entertaining writer of the season by providing the two best drama series: *Rumpole of the Bailey* and *Will Shakespeare*, both for ITV. Each featured a fully formed, credible, and sympathetically human character, and each was enriched by Mortimer's insight into the relevant professions which, of course, are his own: the law and playwriting.

Then a word about the second half of Ken Russell's *Clouds of Glory* (ITV's drama entry for the Prix Italia) which turned out to be a long and at times awkwardly contrived analogy in which Coleridge, played by David Hemmings in one of his best ever performances was seen as the Ancient Mariner and his wife as the albatross. This was nearer than the first part had been to the free-ranging impressionism we have learned to expect from Russell.

Yet his exploitation of so many historical "facts" forces one to remark that his selection was collectively misleading: the man whose mind and intellect won such regard from Wordsworth and John Stuart Mill and whose criticism, philosophy and theology are widely admired to this day, was depicted as a mindless Georgian hippy. Russell has proved he can use fantasy interpretatively to extend appreciation of other artists, but this programme—though engrossing —served to cloud rather than clarify.

Now a couple of recommendations for the remainder of this summer season: if you have not yet discovered *The Kenny Everett Video Show* produced and directed by David Mallet on ITV early on Monday evenings, discover it soon. It may not last long because it is already under attack from the anti-fun, anti-life, antediluvian bigot brigade. They are shocked every time they switch it on (selflessly monitoring it for our benefit, you understand) to see what Everett calls "official naughty bits with wobbling lumpy bits"—in other words the Hot Gossip dancers. If *Monty Python* did not make you laugh, and if the idea of a film called "Bambi Meets Godzilla" leaves you unsmiling then don't bother. Otherwise do.

At the other end of the television spectrum, it is also worth watching Roger Graef's new three-part series of "Decisions" programmes on *British Communism* which started last night. Admittedly the subject matter is at times excruciatingly tedious, but for anyone fearing the methodical infiltration of Communists into key positions in society, this study of the British Communist Party should at least prove that the BCP is not where they are going from.

The people observed here would clearly have trouble organising a knees-up in a brewery; they would be far too busy squabbling about the definition of "knees-up" and "brewery" and particularly "in."

Next the results of the first International Television Festival organised in London by the British Academy of Film and Television Arts (BAFTA) the start of which was described here last week. The jury awarded the Gold Mask to Westdeutscher Rundfunk's *Journey to Upper Mongolia*, a programme made three years ago by Manfred Gräter and Frithjof Zeidler.

Written and narrated by Salvador Dali, it is described as: "a journey into a fantastic land in search of a hallucinogenic mushroom . . . produced with the help of the most advanced photographic and electronic techniques. In the macro- and micro-structure of diverse materials such as metals, crystals, rocks and plants, the most bizarre and exciting forms and designs become visible. . . ."

However, when it was entered for the 1976 Prix Italia, it failed to win an award and succeeded in sending to sleep not only the present writer but the viewers on either side of him. At BAFTA's award ceremony the assembly was assured that no juror was allowed to vote for his own country's entry; a necessary announcement since the German juror happened to be none other than Manfred Gräter.

The Silver Mask went to the technically extraordinary Swedish entry, an episode of *World of Science* which (presumably using fibre optics) takes the viewer inside a living but unhealthy human body to look at hardened arteries, and even to watch a cerebral haemorhage occurring. Always good for a giggle, the Swedes.

Neither of the British entries—episodes of the BBC's *Pennies from Heaven* and ITV's *Hard Times*—even reached the short-list, nor did the festival's most entertaining programme which was entered by Japan's Asahi Broadcasting Corporation and was called (to the confusion of some British viewers) *The Avengers*.

However, it took no more than the pre-credit sequence to banish any thought that this might be an orientalisation of Steed and Mrs. Peel: silently a punt is poled up a dark river to the bankside verandah of a Japanese house in a setting looking like a Hokusai painting. A man opens the verandah door and one of those in the boat sprays a mouthful of saki across a candle flame so that it falls like flaming rain over its victim.

It is a violent scene but at the same time ludicrous because so clearly far-fetched and impractical. The same goes for the scene in which a wicked brothel keeper is hypnotised by one of the avengers, and talked into diving off the roof of his own house to end up buried head first up to his waist in the sand with his bottom waggling in the air. Made on film rather than tape, of course, it is shot and edited with consummate style and laced with what looks (to Western eyes anyway) like deadpan humour.

The Incredible Hulk—Bill Bixby (left) and Lou Ferrigno

Its appeal is very similar to that of the stream of American series which have recently been so successful in the British ratings — *Charlie's Angels*, *Six Million Dollar Man*, and *Bionic Woman* — capped this summer season by the triumphs of *Wonder Woman* and *The Incredible Hulk*.

The important point about all these programmes is that they turn away from the increasing realism which was characterising the violence and general nastiness in the fast-action filmed police series, and move back instead towards the artificiality of the old "bang-you're-dead" Westerns. (I say the old ones because it was the later bloody and horrific cinema Westerns of the 1960s, made by people such as Peckinpah, which set the trend for gory violence that was followed by American television and subsequently by our own producers in series such as *The Sweeney*.)

No doubt it can be argued that the revived popularity of comic strip heroes among American adults reflects a desire for childhood certainties amid the doubts and anxieties of post-Vietnam, post-Watergate America.

Whatever the reasons, *Bionic Woman* (the best of the bunch, thanks to Lindsay Wagner's fine judgment of how far to push her tongue into her cheek), *Charlie's Angels* and *Six Million Dollar Man* are all super-patriots either working directly for the government, or for the good of all Americans.

Even *Wonder Woman* whose mum is Queen of the Amazons, and whose boomerang tiara is decorated with a Russian star, does have an all-American bust packed into a wondrous American corset with stars and stripes on it. Moreover, she works for the traditional mystery voice which emanates from behind the Presidential seal.

Yet the pattern is no sooner identified than it is altered: the latest transfer from Marvel Comix to the small screen, *The Incredible Hulk*, is a Jekyll-and-Hyde character whose supernatural power is only available when he becomes thoroughly enraged, at which point he turns into a very un-jolly green giant and splits yet another shirt and pair of trousers.

(It is worth remarking that *Bionic Woman*, *Wonder Woman* and *The Incredible Hulk* all adhere to the grammar invented for *Six Million Dollar Man* which requires that great feats of strength or speed be indicated by a cut into slow-motion.)

Of course all these series are lightweight, of course they are fantastic nonsense, and of course they are not going to improve your mind. But then neither are the thrillers or SF stories that many of us read on the train, and like those thrillers these new series are a lot more popular than their highbrow counterparts.

The question is: when will the internationally admired British television industry start producing its own equivalents? Even *The New Avengers* (the one *with* Steed) had to be financed in France.

Elton collection for Ironbridge

The Elton Collection of scientific and technological material relating to the Industrial Revolution has been allocated to Telford Development Corporation for exhibition at Ironbridge Gorge Museum. It was accepted by the Treasury in lieu of estate duty.

Sir Arthur Elton's collection contains books, oils, watercolours, drawings, lithographs, aquatints and engravings; also objects in brass and cast iron, glass, earthenware, porcelain, in silk, cotton, linen, ivory, papier mache, and mother of pearl. The sense of unity is secured by the ephemera, the Railway Alphabets, trade union posters, running maps, music fronts, banquet menus, jigsaw puzzles, peep shows, postcards, industrial tokens, and working diagrams for engineering apprentices.

Covent Garden

Norma

by ELIZABETH FORBES

Cast changes in the revival of Bellini's opera *Norma* currently at Covent Garden have brought Grace Bumbry, who sang Adalgisa at some of the earlier performances, to the title role. Miss Bumbry is much better suited temperamentally to Norma than to Adalgisa; whereas she has to subdue her natural authority when singing the younger priestess, she can give it full expression as Norma, and certainly no one else taking the part today can match her for dramatic intensity. She shapes all the declamatory portions of the score with great intelligence, and not one word passes her lips that has not been thought about and invested with meaning.

Vocally she takes a little while to sing herself in—or at least she did on Monday. In the first scene the recitative leading up to "Casta diva" is better voiced than the aria itself, where the tone is less than ideally steady, or in the cabaletta, where the line is apt to be a trifle bumpy. But once launched into the trio at the end of the second scene, Miss Bumbry finds her best form, and the tremendous attack which has always been one of her most precious gifts carries all before it. Predictably, she is also magnificent in the last scene of all; from "In mia man alfin tu sei," loaded with scorn for her faithless lover, through to the end of the opera, she enters the world of genuine tragedy.

The part of Adalgisa has been taken over by Josephine Veasey, who is entirely convincing as the "flower of innocence" that Pollione calls her. She phrases her prayer "Sgombra è la sacra selva" with moving simplicity, while her performance as a whole glows with gentle sincerity. With such a rich-toned Norma, it would have been particularly interesting to hear a soprano Adalgisa in the duets. Alas, that is not to be, and in fact Miss Veasey's plangent timbre both contrasts and blends very well with the molten, burnished sound that Miss Bumbry brings to her share of "Mira, O Norma." The rest of the cast remains as it was on the first night of the revival. The chorus is greatly improved, though it still sounds underpowered in "Guerra! Guerra!" where the conductor, Jesus Lopez-Cobos, overwhelms the warlike Druids.

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U. S. Government and Federal Agency Obligations	745,740,000
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Other Securities	248,126,000
Trading Account Securities	120,303,000
Total Securities	2,343,818,000
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Lease Financing Receivables	1,055,700,000
Total Loans	20,972,396,000
Less: Reserve For Possible Loan Losses	(177,651,000)
Net Loans	20,794,745,000
Premises and Equipment	188,418,000
Customers' Liability on Acceptances	1,081,181,000
Accrued Interest Receivable	306,474,000
Other Real Estate	97,768,000
Other Assets	275,869,000
Total	$36,976,314,000
LIABILITIES	
Demand Deposits	$12,106,426,000
Savings Deposits	1,457,960,000
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Deposits in Overseas Offices	11,200,958,000
Total Deposits	30,403,304,000
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	1,319,939,000
Short-Term Notes Payable	868,425,000
Other Borrowed Funds	340,231,000
Acceptances	1,118,846,000
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Dividend Payable	16,913,000
Other Liabilities	347,155,000
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Preferred Stock (without par value) Authorized—10,000,000 shares Outstanding—13,947 shares	697,000
Common Stock (par value $7.50) Authorized—40,000,000 shares Outstanding—32,523,532 shares	243,927,000
Surplus	421,521,000
Undivided Profits	673,676,000
Total Shareholders' Equity	1,339,821,000
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Wednesday July 26 1978

A simple case of hypocrisy

WE ARE, after all, in the middle of an election campaign and should by now have learnt what to expect. The Government's Bill to maintain the limitation on dividends is not the only recent example of Ministers eating their words with total disregard for anything except the feelings of Labour Party activists. For months before the Budget a number of Ministers, with the Treasury team leading the charge, had argued volubly that the time had come to restore incentives for the manager and the risk-taker. It could have been done at little cost. Yet it was not done. And when the Conservatives, aided by some of the smaller parties, did something to redress the balance, they had to march all over Mr. Healey's dead body.

Industrial strategy

Now, it is happening all over again: Once it had worked its manifesto zeal out of its system and started to face u pto reality, the Government began to acknowledge that it needed a vigorous and profitable private sector if the decline of the economy was to be arrested. The industrial strategy — whatever that may be — was born. Suddenly we witnessed the development of passionate concern for the welfare of the small company. The question whether industry could raise the funds needed for investment and if not, why not, became not merely a constant topic of speeches but a subject of investigation by all and sundry.

Anyone but a total cynic might well have been led to believe that however slow the learning process the Government was finally prepared to take whatever steps it could to ease the problem. Even the Treasury was clear and outspoken on the point. In its evidence to the Wilson Committee on the financing of industry and trade it said that notwithstanding the latitude given to companies which were making rights issues to increase their dividends, "there can be little doubt that dividend control has tended to distort the equity market, making it less attractive particularly to private investors, and has thus to some extent increased the cost of raising of new capital."

Increasing the cost of new capital through distorting the market has a number of results. It affects the supply side of the economy by preventing some projects from going ahead at all. It raises the price of goods which are actually produced. It is thus directly inflationary. In the longer term—and dividend control has been around for quite a while—it must starve of funds precisely the sort of company which the Government and indeed all those interested in the growth of the economy wish to see flourish — the successful and competitive firm, eager to expand.

Meanwhile the company which for one reason or another has amassed a mountain of cash is forced either to sit on it, to undertake marginal investment projects against its better judgment or to go out and buy existing assets in the Stock Market through a takeover bid. To make this plain to the country at large and to trade union leaders should not be beyond the wit of experienced politicians. To argue that the success or failure of the incomes policy hinges on dividend restraint is either straight hypocrisy or an insult to the intelligence.

Do Ministers really believe that trade union leaders or their members are incapable of appreciating the difference between wages and salaries on the one hand, and dividends on the other? Can they conceivably be serious in saying that dividends go "to the rich," given the weight of institutional investment and a marginal tax rate of 98 per cent? If they do not, if they acknowledge that reward must be related to risk, is it not time that they had the courage to say so?

Damaging

Fortunately, it looks as though the Bill will be lost, though alas one cannot be completely certain of that. But in the process more speeches will be made on the Government side which cannot be other than damaging. And there is the threat—so far only uttered in private—that if the House of Commons were to vote the Bill down the Government will seek to enforce "voluntary restraint" through sanctions. It is one thing to enforce a pay policy which the House never voted on by using the Government's administrative muscles. However reprehensible, though, this way of proceeding would be constitutional propriety itself compared to a decision by the Government to seek to implement a policy which the House of Commons had decisively rejected.

Growing pains in the U.S.

THE DIFFICULTY of the economic policy choices facing President Carter is underlined in today's annual OECD report on the U.S. After predicting that next year's slowdown in growth could be "significantly more pronounced" than the Administration currently envisages, the report comes to the conclusion that the U.S. authorities have precious little room for manoeuvre. By the first half of next year, the OECD thinks that gross national product will be growing by no more than 3 per cent, compared with this year's 5 per cent and the 4 per cent assumption underlying the economic package endorsed at last week's Bonn summit.

Inflation

The OECD accepts that a slowdown in activity is now desirable, particularly as top priority must be given to the fight against inflation. But it calls for even greater caution in demand management. A more restrictive stance by the Administration would probably help to contain inflation, although with some time lag. The danger, however, lies not only in the likely effects on domestic output, employment and investment but equally in the impac that recession in the U.S. could have on the hesitant recovery in the rest of the world.

The report is not totally gloomy. It foresees a reduction in the trade deficit over the rest of the year and in 1979, arguing that much of the recent decline appears temporary. Part of the recent deterioration may reflect the worsening of the terms of trade caused by the dollar's depreciation, which should ultimately work its way through in the form of increased exports. The OECD, however, makes no secret of its concern that the dollar may slide further if there is no reduction of inflationary pressures.

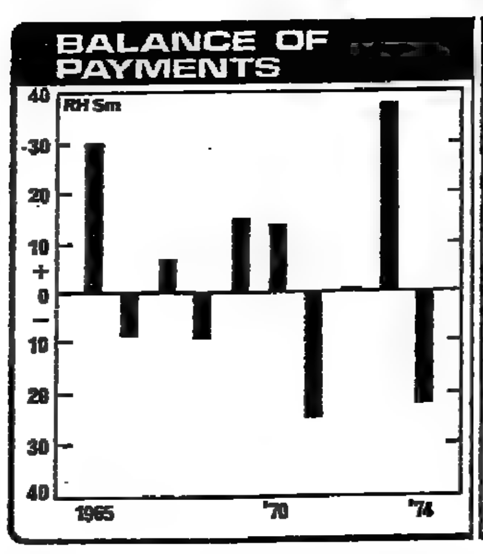
The Organisation, however, while spelling out the problems, is much less clear about the answers. It has no new ideas as to how inflation should be tackled, although it has a favourable word to say about the Administration's wage and price discussions with representatives of management and labour. It is to be hoped, in the OECD's view, that price-incomes policies based on voluntary restraint can have the same success they have had in some other countries in reducing inflation without unduly sacrificing the growth of productivity and real incomes.

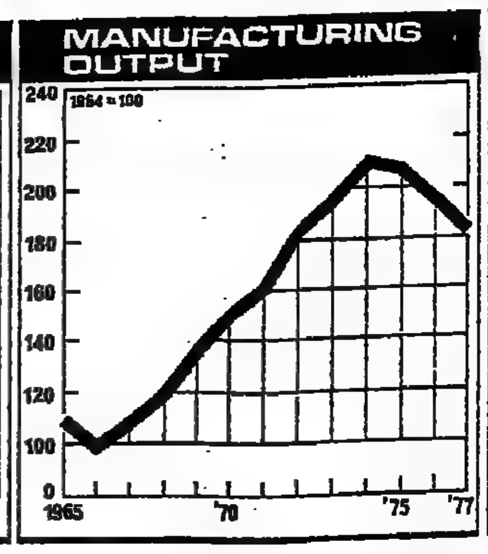
The OECD is on familiar ground in stressing the need for the early enactment of an efficient energy programme, with particular attention devoted to the price mechanism. There is, however, surprisingly little discussion in the report of the need to bring the expansion of the money supply under proper control.

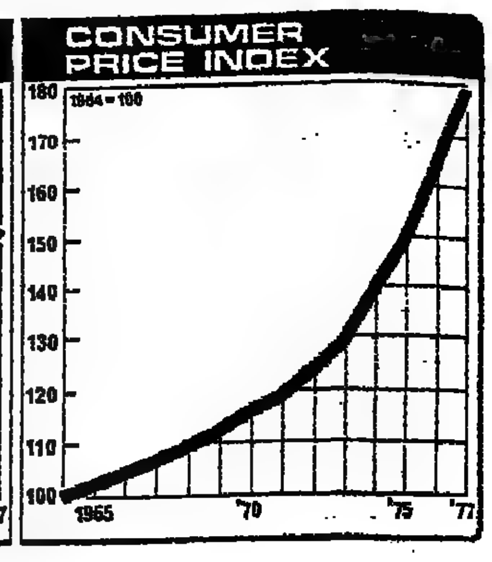
Protectionist

The problem, as the OECD points out, is that so long as the U.S. continues to increase its oil imports and expand faster than most other Western countries, it is bound to remain in current account deficit, adding to the pressure on the dollar. If, on the other hand, it slows down its rate of expansion, world recovery will suffer. The answer, in the Organisation's view, must lie at least partly in stimulating domestic demand growth in countries with stronger balance of payments positions. That would ease the balance of payments problems of countries like the U.S. and help to restore greater currency stability. It could also help to fend off protectionist pressures. The difficulties of this approach, as the Bonn summit showed, are formidable. Indeed, the limited nature of the Bonn package and the U.S. contribution to it is one of the factors behind the latest fall in the value of the dollar. The rest of the world is still looking to President Carter for decisive leadership.

Four years of escalating war have turned Ian Smith's 'economic miracle' into a memory. **Tony Hawkins,** in Salisbury, describes.....







Rhodesia's economic retreat

JEERS, catcalls and derisive laughter from formerly loyal supporters greeted Mr. Ian Smith's claim at a by-election meeting last week that as a result of his UDI in 1965, White Rhodesians had enjoyed "the best 13 years of our lives." The absurdity of this claim was demonstrated quietly and logically within 24 hours when the joint Finance Ministers in Salisbury's transitional Government, Ernest Bulle and David Smith, presented their 1978 Budget showing that economically the country is coming to the end of its tether. Their Budget is based—quite transparently—on the assumption that within the next nine to 12 months the old white order will have been replaced—one way or another—by a new majority rule administration, bringing with it international recognition and the lifting of economic sanctions.

A feature of the 13 years since UDI—at least until very recently—has been the quality of economic management. Beset by economic sanctions, by several years of adverse climatic conditions, by a widening guerrilla war, international inflation and recession and severe transport difficulties following the collapse of the Portuguese regime in Mozambique, Rhodesia's economic managers displayed a quite remarkable ingenuity and flair. So much so, that by 1974 they could point to a minor "economic miracle." Gross domestic product had risen 83 per cent in real terms over the nine years, while on a per capita basis living standards were up 34 per cent—despite a 38 per cent rise in population. Inflation had averaged a tiny 3.5 per cent a year. Industrial output had virtually doubled while production in mining and manufacturing had risen by two thirds. African employment had increased by 268,000 (or 30,000 a year)—a far more impressive record than that of most African countries not subject to sanctions and able to draw upon considerable amounts of aid and foreign investment.

Had Mr. Smith confined his boast to cover this nine-year period then no-one could laugh him out of court. Unfortunately, while the economy made time for the politicians to solve the constitutional dispute, that time was wasted. Mr. Smith and his senior colleagues admit that they did not foresee the collapse of the Portuguese in Mozambique, they did not envisage coming under increasing pressure from Pretoria to settle with the Black nationalists and they did not believe that 13 years after its first application western governments would still be twisting the economic sanctions screw.

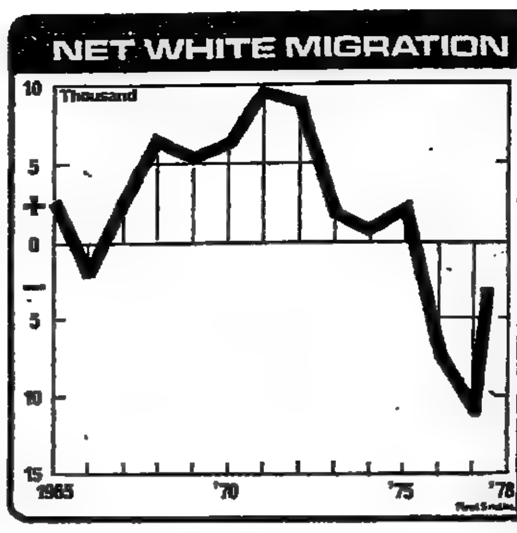
In 1978, real GDP will fall for the fourth successive year. Since 1974, it has declined almost 10 per cent (6.9 per cent last year alone) and the current forecast is for a further 7 per cent decline this year. When set against a 3.8 per cent rate of black population growth, this means that by the end of this year real per capita incomes will have fallen 25 per cent from their 1974 peak and will be back to the pre-UDI levels.

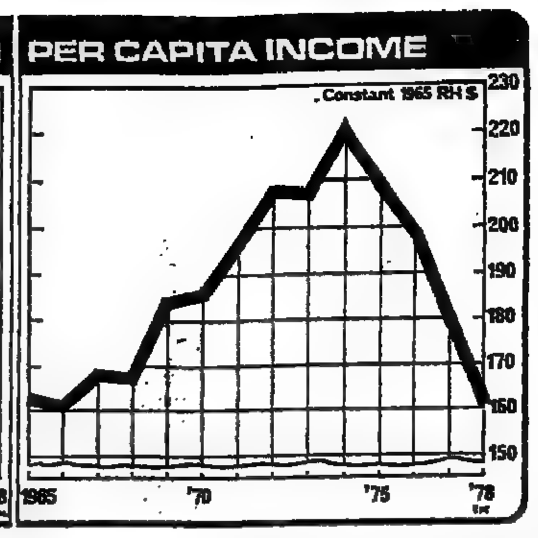
After maintaining exchange rate stability for 25 years, Rhodesia has now devalued three times in the past three years—twice in the last ten months. In recent years, inflation has averaged 9 per cent a year. Employment has fallen by nearly 40,000 at a time when there are upwards of 50,000 black jobseekers coming onto the labour market each year. Industrial output is running at 1971 levels and the white population, which grew by 38,000 by way of immigration between 1965 and 1974, has fallen by more than 20,000 as a result of net emigration

Statistics alone do not tell anything like the full story of the permanent damage being suffered by the economy as a result of the guerrilla war (mainly) and continuing economic sanctions. The tsetse fly situation in rural areas is said by officials to be worse now than at any time this century due to the breakdown of veterinary services in an increasing area of the country. Dipping services in many areas have broken down completely and official fear that tick-borne diseases could take a heavy toll of the national herd in the months ahead.

To all this must be added the permanent damage to the economy in the form of the loss of skills through emigration, the destruction of capital equipment, irrigation schemes, bridges and croplands and the massive unemployment problem that is building up because of the economy's inability to generate new jobs.

Last week's Budget reflects the current strains in the economy. No less than one-third of total public spending represents deficit-financing, roughly half of which will be financed by domestic loans and the compulsory National Defence Levy which is theoretically a three-year loan to the Treasury paid by taxpayers (mainly whites and companies) whose current tax liability exceeds £75 a year. Not many financial analysts here expect the loan to be repaid and indeed in the light of promises by some black politicians—notably Mr. Joshua Nkomo—not to redeem loans raised to prosecute the guerrilla war, it seems tactless, not to say unintelligent, to have called the loan, which carries tax-free interest at 4.5 per cent a year, a National Defence Levy.





The other remaining half of the £240m deficit will be financed by "loans already arranged," about which officials will give no further details other than to admit that a substantial portion of this represents foreign borrowing. Observers here believe the greater part of this comes from South Africa but the Treasury was prepared to reveal that it is raising \$Rh15m in the Euromarket over three years at a spread 1 per cent below libor (the London Inter-Bank Offered Rate) — prime terms in anyone's book.

One of the more surprising features of the Budget was the fact that security spending this year (1978/79) is scheduled to rise only 2 per cent. Indeed, as a proportion of total public expenditure, the war will cost fractionally less than last year (27 per cent as against 28 per cent). Given the recent escalation of the war this can be read either as "wishful thinking" (as Mr. Smith would say) or as confidence that there will be a de-escalation in the coming months. It highlights the extent to which the Budget is a gamble, since if supplementary appropriations are necessary next year they will have to be met by increased taxes or more foreign borrowing.

The external payments position is extremely difficult too. Last year, the country ran its largest payments deficit since UDI (£32m) financed partly by foreign borrowing and partly by a rundown in the already meagre reserves. Exports fell by some £10m (no precise figures are released) and are officially forecast to decline by another £20m this year. Imports are already very severely restricted and Minister Bulle warned last week that there would be shortages of "low priority" imports this year.

Underlying the economic statistics is the unspoken fear of officials, politicians and businessmen that an increasing number of whites will in the next few months decide to quit. In fact, so far this year the rate of net white emigration has fallen 40 per cent and is running at less than 600 a month as against 1,000 a month in the comparable period of 1977.

For the moment an atmosphere of wait-and-see prevails, but there is great apprehension and little confidence about the future; a mood reflected in last week's Highlands North by-election with the Rhodesian Front's share of the vote slumping from 70 per cent a year earlier to 49 per cent. Even the present gloomy, economic predictions of a further 7 per cent fall in real output, rising unemployment, faster inflation and lower output volumes in mining, manufacturing and construction may prove to be too optimistic if white confidence really does crack in the coming months and the white exodus gathers new momentum.

Although there are many people both in Rhodesia and abroad who believe that the commitment to majority rule on December 31 can in some way be reversed, the economic facts—not to mention the military ones—dictate otherwise. The present economic strategy is squarely based on the assumption that by this time next year the worst pressures arising from the military and economic wars will have abated. If the assumption turns out to wrong, then new public spending and import cuts and higher taxes will be necessary. The economy simply cannot afford this, which is why the internal settlement—or some other formula that ends the war and secures recognition—must be made to stick.

Ian Smith and his internal settlement colleagues grappling with an economy at the end of its tether.

MEN AND MATTERS

In the City's big hole

To come all the way from Auckland, New Zealand, then spend part of your time scratching in the City dirt with trowels, is not the normal type of holiday. Mrs. Elizabeth Hunnibell and her 16-year-old son Neil just feel pleased to be doing their small bit to uncover London's past. They heard about the dig, at the bottom of Bow Lane, on the radio and applied to the department of urban archaeology at the London Museum to join in as volunteers. When I visited them yesterday, in the big hole opposite Mansion House tube, they were working alongside Gregory Hutt of Enfield, who has just completed his A levels. Nearby was Beatrix Blake, a professional artist who is spending part of her summer on the "CityDig." She said: "There is an element of treasure hunting in it. It's good open-air exercise as well."

In charge of the Bow Lane excavations is Don Perring, a 23-year-old graduate in archaeology: his usual team of volunteers—which needs constant replacement—numbers 50. He showed me around the site, which at one point is down to the remnants of Roman mosaics from about 200 AD. The area, alongside Watling Street, a main Roman road, was a residential district in those times.

At the moment, Perring has a crucial deadline of mid-September. By then he has to be able to prove that the site contains important evidence about London's past. That will give him another four months before those long-hidden walls, wells and rubbish dumps are lost forever beneath a new office block. So Perring is glad of all the help he can get—even from American tourists who come in for a few days then vanish. While on the inside looking out, I wondered if some of the regular watchers, through the holes in the surrounding fence, ought not to be down where the action is.

Another Arafat

Middle East experts who fancy they see Yassir Arafat, leader of the Palestine Liberation Organisation, strolling down a London street this week, should not be deceived. It will be his brother, Dr. Fathi Arafat, who looks exactly like the idol of the *Fedayeen* but is head of the Palestinian Red Crescent. He is in Britain at the invitation of the British Red Cross.

His aim is to make contacts. This is his first visit here, and yesterday he was lunching with several MPs before being shown around Westminster. Is Dr. Arafat at all political? He certainly talks politics and is a member of the Palestine National Council, the parliament in exile. Where he is staying in London is also being treated discreetly. But medicine, not guerrilla war, is where he says his heart is.

Beaver's hoard

The item in this column on the auctioning of more than 20 letters by artist Graham Sutherland to Lord Beaverbrook has had a surprising sequel. When the letetrs came up at Sotheby's yesterday omrning they did not reach their reserve price and were withdrawn at £700; they had been expected to reach more than £2,000. Afterwards I spoke to Sutherland, who is staying in Pembrokeshire, and asked him how he felt about the low bidding. "Perhaps it is slightly insulting," he said cheerfully, "but I'm not going to lose any sleep about it."

On the delicate aspect of letters by living persons being sold, Sutherland was more emphatic. He said he thought the owner had been "extremely discourteous" in not approaching him. "My letters could have been libellous," he said. "I should have been furious had they dealt with a *cause celebre*." As it was, he said, the letters were "rather simple," as far as he recalled them, because Beaverbrook always like things spelled out. I reminded Sutherland that in one letter he had warned Beaverbrook to take care about buying picture by August John, since he was "an unequal artist." At 75, Sutherland still hold that view: "Very true," he remarked.

At Sotheby's there was some touchiness at the suggestion that Sutherland had expressed surprise an hearing of the auction, albeit an abortive one. Roy Davids, head of the manuscripts department, said it had been reported in January that the letters were for sale.

Davids said if Sutherland had been given offence he was sorry, but there was no obligation to tell a person that his letters were to be auctioned. If letters contained indiscretions, they would not be sold, or at least not mentioned in the catalogue. The Sutherland letters — and many others—were sold by the Beaverbrook trustees to a private collector who has been awaiting the right moment to sell. Yesterday was clearly not it.

Treasure trove

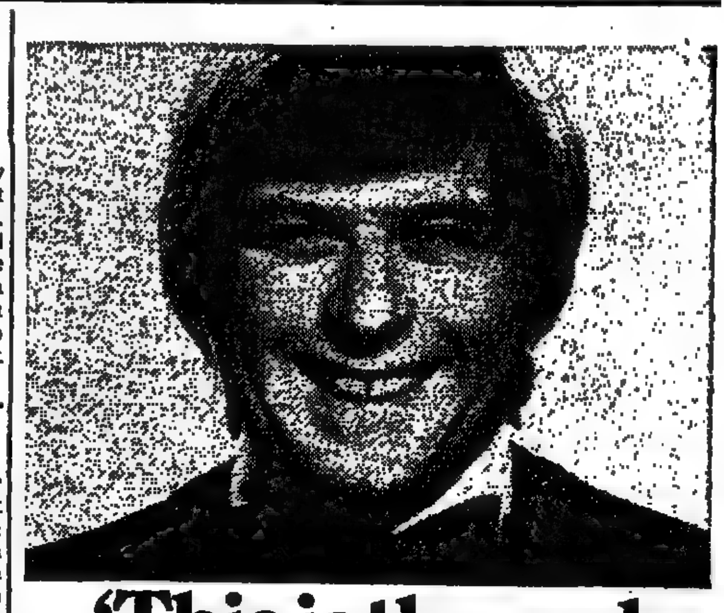
An unusual treasure hunt for what is believed to be the last of the First World War German U-boats is now under way in an equally unusual place—Lake Michigan. The submarine, the UC 97, sank seven Allied warships in the North Sea and was brought to Chicago after the war to help promote Victory Bonds. Under the Treaty of Versailles it was sunk in the lake in 1921.

Paul Knutson, who is arranging the search, told a colleague that with the help of the log book of the U.S.S ship which sank the UC 97 and of magnetometer readings he believes he has found the submarine. Before cheap fuel oil came into use, the metal mercury was used in the submarine's tanks. The submarine could thus contain a small fortune—enough to pay for the £540,000 cost of the salvage and hoped-for restoration.

Hard lines

Thus are the mighty fallen . . . A wall in Hackney, East London, has carried for many months the slogan: George Davis Is Innocent, OK. Within hours of Davis being convicted for robbery, all but the first two letters of the word "innocent" had been obliterated, so that it now reads: George Davis Is In OK.

Observer



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Barnardo's

David Fishlock takes a critical look at the NEB's cash injection into microprocessor manufacture

Chipping in on an engineering revolution

ɴ EMINENT British professor —a scientific adviser to the war-me Cabinet—once remarked at "it has unfortunately been British characteristic to con-ntrate on what seemed to be e 'clever' parts of a project d to neglect the seemingly uller but nevertheless equally fficult mechanical parts." xamples are legion of clever ritish ideas and inventions hose inventors in recent times ave fired the imagination of the ublic: hovercraft and hover-ains, the electric car and robot xi, carbon fibre and other wonder materials," the linear duction motor, fuel cells and uidised-bed boilers — even artificial intelligence." But here are they now?

One thing is certain: the ablicity which surrounded each f *these ideas has been out of* l proportion to their earnings r Britain. In each case the fficulty and expense of turn-g invention into a saleable *stem—the "seemingly duller"* roblems—were woefully under-stimated by their inventors and ponsors. *The many pitfalls for* e innovator today, even when e believes he has the Govern-ent's backing, were explored n this page on Monday.

Britain could be in danger of peating its mistakes on a grand cale in the suddenly fashion-ble field of microminiaturised lectronics. The publicity and he promised £50m of public *ash from the National Enter-*rise Board—more than all the nventions cited above have bsorbed together — concern nly the "clever" part of the echnology, manufacture of very dvanced microcircuits such as he 64-kilobyte random access nemory (64K RAM). Ultimate conomic success with the micro-rocessor will be possible, how-ver, only if it becomes as widely accepted as, say, the car or colour TV.

Let there be no doubt about it, *if—and it is a big if—the* 64K RAM can be mass-produced with a high yield of saleable products it will be a miracle of microminiaturisation; a stupendous step for a nation with an excellent track record for producing *first-of-a-kind* but a poor one nowadays for making them by the million. But it will still be just a part of the microprocessor, which in turn will *be controlling something much* bigger—a production line or a housewife's kitchen, for instance.

The incentive to compress so much electronic circuitry into a chip of silicon one-quarter inch square is simply stated. The *"engine" of the system will not* only be small, it will need almost no power to run it, and will be quite incredibly fast in its computations. The 64K RAM is about as far as most electronics engineers believe they *can hope to push a manufactur*ing technology they have been developing for a decade. If successful, it will be the means for displacing a myriad mechanical operations in present-day products, from domestic apparatus and instruments to manufacturing machines and processing plants. *Put simply, it will be the means* for making machinery—especially automatic machines—much more "intelligent," and for introducing intelligence in many places where none exists today.

The mistake, however, would be to assume that a new factory making the most advanced kinds of silicon "chips" could itself *bring* about a renaissance of industrial practice in Britain. It could not even be a quick answer, for such a plant would take several years to set up, before its chips ever began to find their way into other production lines, much less into radically *new products. More*over, if performance, delivery and price are not right, Britain's engineers will continue to import from "Silicon Valley," Japan, or wherever.

The new factory is probably needed above all to give Britain a competitive lever in terms of the advanced electronics—word has it that Britain is paying in pounds the same figure as the U.S. Government pay Silicon Valley in dollars and for security of supply. It will probably be a first-rate demonstration of the power of the microprocessor on the production line. But the fine chemical industry in the UK already has good examples in operation of microprocessor control being used to transform "bucket shop" operations into continu*our processing plant.*

The highest priority, however, needs to be given not to indigenous production of the chips, a component which even in its most advanced form will *only account for perhaps 10 per* cent of the cost of the products that use them, but to learning to use the chips to add value to UK products. The nub of the *problem is to adapt a native* British talent for the design and engineering of complex systems to the novel challenges of the microprocessor.

The Department of Industry, after a languid start, in the past *few months* has been prodded into recognising the overriding importance of stimulating microprocessor applications. As I described on this page on Monday, it has got its in-house research centres working on applications (see Table), and is pushing them hard to press their experience on industry.

Earlier this month the Department of Industry announced that *it was making £15m avail*able to industry to encourage use of microprocessors both in production and product design. Companies can obtain up to 25 per cent as a direct grant, or up to 50 per cent as a development contract, the public-sector costs of which would be recoverable later from profits.

This £15m is seen by Dr. Duncan Davies, chief scientist and engineer at the Department, as no more than the first tranche of a very big outlay by the Department to encourage the speedy changeover to microprocessor control. He is just back from a U.S. tour where he *found* leading U.S. high-technology companies already wide-awake to the potential of microprocessors *in their new* products. To cite one example, Xerox has a team of 1,200 in southern California working on microprocessors and their application to such products as electronic copying and word-*processing systems, both of* which will be based on very sophisticated electronics, with a budget of about £25m a year.

In Britain, one of the most dramatic demonstrations of the impact of miniaturised comput*ing power on a long-established* technology is to be found in EMI's X-ray scanners. The new generations of EMI-Scanners, and of other advanced systems *for medical diagnosis* using ultrasonics, magnetic fields, etc., will all be designed around the microprocessor. Should EMI apply for any of the Department of Industry's £15m? Dr. John Powell, its managing director, asked department heads in his electronics group. The answer was no—the microprocessor was already a "way of life," an integral part of their *thinking.*

The production lines that make the advanced electronics themselves will be an excellent demonstration of the power of the microprocessor. British ingenuity has spawned two *electronic machine tools—really* very complex electronic systems —around which the electronics industry worldwide is designing much of its new manufacturing capacity. *These machines use* finely focused beams steered by microprocessors to fashion the silicon chips into circuits.

One is the electron-beam microfabricator, invented at the University of Cambridge *and developed* by Cambridge Scientific Instruments. This is the machine which, at a cost of upwards of £300,000, *allows* the electronics engineer to forget the limitations of light waves.

The other is an electronic machine tool for impregnating the chip with the impurities responsible for its special electrical properties, at exactly the point where those properties are wanted. The ion-beam implanter, invented by Harwell and developed by Lintott *Engineering of Horsham,* uses a beam of nuclear particles to implant foreign atoms precisely where the microprocessor directs it.

At more than £200,000 apiece, it promises to be one of the most effective ways of reducing the costs of manufacturing advanced electronics, through its precision, high throughput and high yields. The Department of Industry has backed its development with loans of almost £300,000 from its pre-production order scheme.

Both of these machines are expected to feature in the new INMOS chip factory backed by the NEB. But the big payoff for Britain is expected to come, *in the 1980s at least, from the* application of microprocessors to a host of traditional activities, from communications (where it must surely explode into an industry bigger even than the car industry) to factories, mills, even farms throughout Britain.

A delightful story is told of an Essex farmer who became *fascinated* with an "educational" computer he had bought *for his young son. Father and* son—helped later by the University of Essex—applied the basic principles of computing to one of his farm's perennial problems, the grading of potatoes. So successful were these entrepreneurs that they abandoned the farm and went into business with their microprocessor - controlled potato grader.

One-man businesses are discovering that they can make their activities much more manageable in this way, working out balance sheets with the facility that others find they can now keep and verify the housekeeping accounts. When the "general - purpose" microprocessor arrives in the British home it will have the advantage *of the new TV systems such as* Prestel (viewdata) and Ceefax, in themselves outstanding examples of British ingenuity, in designing clever engineering systems ready to offer the user direct access to large data banks.

DEPARTMENT OF INDUSTRY IN-HOUSE RESEARCH

	% of £29m*	Staff	Prime areas for microprocessor development
National Physical Laboratory	34	1,011	Instruments for automatic control; man-machine interaction.
National Engineering Laboratory	26	878	Manufacturing technology and systems.
Warren Spring Laboratory	12	386	Chemical process technology.
National Maritime Institute	9	287	Offshore technology.
Computer Aided Design Centre	8	115	Design and programming of microprocessors.
Laboratory of the Government Chemist	11	428	Analytical instruments and controls.†

* The £29m spent in-house represents only 16% of DoI total R&D spending.
† Its role as a consultant to government departments inhibits the taking of research contracts.

Ashley Ashwood

NPL researchers with Mickie, their microprocessor-based system for interviewing patients.

Letters to the Editor

Trade with Comecon

From the Chairman, The Minor Metal Traders' Association.

Sir, — Mr. Hermann (July 13) drew attention to the equivocal position in which firms may find themselves in dealing with state trading corporations of the *Comecon countries. The* Rolimpex case was still sub-judice, under appeal to the House of Lords, when the conference on legal aspects of east-west trade was held in London last October. The corporations are to a large extent bound by printed conditions on their standard purchase and sale contracts, and one must emphasise the necessity for a careful study of the fine print in every case, particularly as regards such items as import and export licences, *force majeure,* frustration, penalties for delay and arbitration. Moreover, there is a great divergence between the contract conditions of the different corporations and the different states.

*As far as the corporations deal*ing with metals and minerals are concerned, they will usually respond with consideration to valid objections which may be put forward, particularly if based on a comparison with the terms of the CMEA (Council for Mutual Economic Assistance) General Conditions of Delivery of Goods 1968, which govern the sale of goods between the Comecon countries. Standard contract *forms* have indeed been changed as a result of forceful insistence by Western parties.

There always remains the bogey of possible collusion between the Ministry and a corporation where the enforcement of an unfavourable contract can be avoided by the imposition of a licensing ban under a *force majeure* clause; and the longer *the time lag in performance the* greater the risk. Traders should endeavour to insist on early information about the details of licences, which, once obtained, are likely to be defended by the corporations for the implementation of their own programmes. The probity of the Comecon corporations is generally high, and their commercial procedure has *tended to come more and more* in line with the best that the West can show.

L. Lubett.
Ayrton and Partners,
Friendly House,
21-24, Chiswell Street, EC1.

Keys to the college

From Mr. J. Glyn Barton

Sir, — Malcolm Rutherford (July 21) hopefully understands politics better than he does young manhood. Few of us, as undergraduates, would wish to be "given the keys" rather than having to brave the perils of climbing in after midnight. The perils were not great, and if one did not have the gumption for such as they were, then it was better one was *safely* in bed betimes.

John Glyn Barton,
Savile Club,
69 Brook Street, W1.

Views that are weighed

From Mr. R. Harrison.

Anthony Harris (July 21) suggested that Eric Chalmers does not have the right to issue advice to the authorities, and that our rulers and ex rulers have a *monopoly of wisdom.* That seems to me to strike at the very heart of democracy and the free markets that go with it. Indeed it seems to accord closely with the notion at present being vigorously propagated by ministerialists that the Government is never inept; it is merely misunderstood.

Though not a client of Mr. Chalmers' firm, I have been acquainted with some of his economic thought over 25 years, and have been sometimes in disagreement, but I have found it *more balanced* than that *of* officialdom, for example.

Finally, I think that the views expressed in brokers' circles and newspaper articles are more carefully weighed by market principals than Anthony Harris appears to think.

R. A. H. Harrison.
73, Mount Crescent,
Brentwood, Essex.

Housing and taxation

From Mr. R. Bronks.

Sir,—I wish to correct the false premise in the article by P. J. Hardwick of July 20. Mr. Hardwick quotes the Green Paper on housing policy as stating that the annual subsidy on mortgaged houses in the United Kingdom in 1976/77 was £205 compared with the average subsidy of £210 per annum to local authority *tenants.*

The term "subsidy" is inappropriate in this context because mortgage interest relief is normally only allowable (with *the exception of option* mortgages which are not of major significance) against earnings (including *investment earnings*) and that relief therefore is merely income retained by the income earner, unlike the subsidy to local authority tenants which is a real subsidy, as defined in the Concise Oxford Dictionary. It is clearly false to describe the relief on taxed *earnings* as a subsidy and compare it with an uneconomical charge such as local authority rentals.

Those with mortgages, are *merely* allowed to keep a little more of what they have already earned to the extent that this represents the tax payable on that portion of their expenditure representing the interest on their mortgage. It is therefore *illogical* to describe as a subsidy the non-confiscation of that which a person has earned, otherwise all net income could be described *as a subsidy* because it had not been taken in tax.

In not allowing relief against mortgage interest *and* by taxing owner occupiers on an imputed rent the consequences would be a dramatic collapse in the *con*struction and its spin-off industries, a further rise in the present high level of unemployment (caused in part by the muddled *thinking of our political* and bureaucratic masters of the kind here illustrated) and, worst of all, an exodus of many highly paid, irreplaceable and useful people.

Even more absurd is the suggestion that revenue is foregone by not taxing *an imputed* rent to owner occupiers. Carried *to its* logical conclusion, the imputation of a rent to car owners hence these should also be taxed, and of course, we would need an army of bureaucrats snooping into our private lives and taxing us on our wives/husbands imputed "subsidy"; *non-structural relief;* tax expenditure; loss of revenue or whatever gobbledegook is used in order to evaluate the *tax due* on each partner's value in various capacities.

It can be seen *from the fore*going that there is not a household in the land whose income can match the tax due on the imputed value of such services, thus making the *imputation* of a rental to owner occupiers as *absurd as imputing a value to* one's partners services or to any asset one possesses.

R. Bronks.
Broom House,
Broom Water,
Teddington, Middlesex.

Subsidies for homes

From Mr. L. Clother

Sir,—Mr. J. P. W. Hardwick (the hidden side of public expenditure, July 20) quotes figures suggesting that the average annual subsidy on mortgaged houses is roughly equal to that for local authority tenants (1976-1977 £205 against £210). He then argues this understates the benefits to particular mortgagors.

But he ignores far greater "hidden" elements in the *tenants' subsidies. For instance,* in Greater London nobody could build a three bedroomed house for less than £15,000 excluding land (actually £20,000 but let us not upset the provincials): this would cost the owner occupier some £1,500 gross interest, plus repairs, *plus maintenance, plus* land cost, plus rates. In total, a multiple of the local authority rent would be required from the mortgage-slave. That difference should be shown as the true subsidy, not the trivial £210 figure of no real meaning.

Alternatively we could *show as* if on a "balance-sheet" the figure the local authorities could sell each house for on the open market. At St. Katherine's *Docks, London,* or on certain Camden developments this could be £40,000 to £60,000 per house or flat. This would measure the capital benefit foregone by rate-payers in order to properly house their fellows.

All three suggestions (Mr. Hardwicks and my two) would ultimately tend to discourge subsidies to private or to public housing. *Presumably* Mr. Hardwick considers such reduction justified.

Personally, I do not consider that the UK housing stock is of sufficiently good quality to justify reductions in subsidies.

Lester Clother,
The Sheilings,
Childsbridge Lane,
Seal, Kent.

Owning or renting

From the Labour Prospective Parliamentary Candidate for Guildford.

Sir,—Mr. Lindsay (July 24) on council house rents reveals a prejudice towards local authority housing which is redolent of the Heath government and of like-minded Conservative controlled councils at the present time. There are three general points which I would like to make on this subject.

There should be a much greater availability of choice in housing between owner occupation and rented accommodation. House ownership has expanded dramatically under successive Labour governments. The present *Government has sought* to extend the possibility of house ownership to first-time buyers and particularly the young.

Many people are, however, un*able to contemplate home owner*ship for financial reasons. Likewise, there are many to whom the aspirations and advantages of home ownership do not appeal. Local authorities should seek, but all too frequently fail to satisfy these legitimate *demands* for rented accommodation.

There is nothing intrinsically meritorious in house ownership, as some Conservative spokesmen would have us believe, although in an inflationary world the long-*term capital and income benefits* to those who can afford it are substantial.

By the same token, there should be no social opprobrium attaching to those in rented accommodation. There regrettably is, however, and it usually focuses upon criticism of council house rents. A departure from the present system, in which housing revenue accounts are required to be in balance, was *attempted by the Conservatives* between 1972 and 1974. They discovered that an "economic rent" was a conceptual nonsense, given that there is no "market place" in which council rents might be freely determined. Practical difficulties aside, the *arbitrariness of rents so fixed* is anathema to Socialists.

Mr. Lindsay's alternative proposal, of income related rents, would presumably fall foul of *Mrs. Thatcher's "free market"* instincts. By analogy, I suspect Mr. Linsay would not be too happy were the subscription to his local golf club to be determined, beyond a high basic fee, by his income.

The widely held aspirations for better *housing* are reflected in the substantial investible resources channelled into the housing sector. The improvement in housing, particularly *with regard* to home ownership, since the war, has been stimulated by massive subsidies in the form of tax allowances and Exchequer grants. It is legitimate to question (a) the high priority given, through subsidy, to housing in both the public and private sectors, and (b) the effect that this has had on the flow of investible resources into other sectors of the economy. This issue is part of the wider conundrum of present consumption versus future prosperity. Although I believe that we are close to the right balance, the issue is of sufficient importance to warrant a more - widespread *political debate than it has to* date enjoyed.

(Councillor) Paul Blagbrough.
Charnwood,
Horsell Park,
Woking, Surrey.

Effective insurance

From Mr. A. Covey

Sir,—I write with reference to your *insurance correspondent's* article "But whose agent is the broker?" (July 3). Your correspondent was reporting on the case of Stockton v. Mason and unless I am mistaken, it seems to me that all parties to that action, including the Judge, and your correspondent have overlooked section 205 of the Road Traffic Act 1960. This states that "a policy of insurance shall be of no effect . . . until there is delivered by the insurer—to the insured— . . . a certificate of insurance in the prescribed form and containing such particulars of any conditions . . ."

It would thus seem clear to me that, unfortunately, neither the broker nor the insurer would be liable. Of course, the insurer would ultimately pick up some liability by virtue of the Motor Insurers Bureau.

In practice, when a client rings from a car showroom to say he has purchased a new vehicle, brokers and/or insurers will *frequently issue the cover note* but it is in their possession, and therefore technically when the client leaves the showroom in the car, he is still not insured—no doubt the law's reasoning being precisely to avoid the situation of the previously mentioned litigation because the client should check that there have been no mistakes or special restrictions made to his cover before driving on the road.

Allan M. Covey.
141, Cricklewood Broadway, NW2.

Today's Events

GENERAL

Labour Party national executive meets.

TUC General Council meets.

Confederation of British Industry considers how to pursue its challenge to Government pay sanctions.

Chrysler executives and union officials hold separate meetings with Mr. Eric Varley, Industry Secretary, Mr. Albert Booth, Employment Secretary, and Mr. Bruce Millan, Scottish Secretary, in effort to settle strike.

The Queen starts the XIth Commonwealth Games relay from Buckingham Palace courtyard, 10.30 a.m.

PARLIAMENTARY BUSINESS

House of Commons: Lords *messages on Scotland Bill,* Wales Bill and Parliamentary Pensions Bill.

House of Lords: Euro-debates (orders and regulations). Weights and measures orders on extracts of coffee and chicory and termination of some Imperial quantities.

Select committees: Expenditure (Trade and Industry sub-committee). Subject: Prevention of *collisions* and *strandings* of noxious cargoes. Witnesses: Department of Trade, Foreign Office (10.30 am, Room 16).

COMPANY RESULTS

Final dividends: Laurence Scott; Stock Conversion and Investment Trust. Interim dividends: Gillett Brothers *Discount; Pratt (F.) Engineering* Corporation; Vosper.

COMPANY MEETINGS

Austin (E.), Winchester House, E.C., 12. British and Common*wealth Shipping,* 14-20, St. Mary Axe, E.C., 12. Caledonia Investments, 2-4, St. Mary Axe, E.C., 3. Coalite *and Chemical Products,* Savoy Hotel, W.C., 12. Continental and Industrial Trust, 120, Cheapside, E.C., 3. De La Rue, Cafe Royal, W., 11.30. Dunhill (A.), 88, Regent Street, W., 12. Energy Services and Electronics, 100, *Old Broad Street,* E.C., 12. Monks Investment Trust, Great Eastern Hotel, E.C., 10.15. Mount*view Estates, Russell Hotel,* W.C., 12. New Throgmorton Trust, 25, Milk Street, E.C., 12.30. Ocean *Wilsons, 100, Old Broad Street,* E.C., 12. Powell Duffryn, Dorchester Hotel, W., 12. Rediffusion, Connaught Rooms, W.C., 12.15. Samuel (H.), Birmingham, 12. Staveley Industries, 78, Shoe Lane, E.C., 12. Spillers, 9, Little Trinity Lane, E.C., 12. 600 Group, Grosvenor Hotel, S.W., 11.30.

CITY FESTIVAL

Haydn's "The Creation" by Academy and Chorus of St. Martin-in-the-Fields, at St. Paul's Cathedral, 7.30 *p.m.*

This announcement appears as a matter of record only.

New Issue July 11, 1978

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COMPANY NEWS

NatWest down marginally to £108.6m in first six months

AFTER crediting a £15m reduction in provision against advances against nil. profits before tax of National Westminster Bank fell marginally to £108.58m in the first half of 1978, from £109.95m in the same period last year.

The directors say that while there were increases in the level of business overall, profit performance has been relatively subdued, due mainly to pressure on margins.

They say the charge for provision against advances is based generally on the average experience of the previous four years plus an estimate for the current year. The resulting provision on this basis is considered to be more than is currently required and accordingly. £15m has been recredited to profits.

Basic earnings per £1 share are shown at 22.72p (22.44p) and 21.61p (22.44p) fully diluted. The net interim dividend is raised from 5.165p to 5.682p—last year's total was 11.48770p and was paid on record pre-tax profits of £227.56m.

Cost of the interim goes up from £11.53m to £12.85m. First-half tax charge is £55.92m (£59.04m) leaving net profits at £52.65m compared with £50.9m.

Mr. Robert Leigh-Pemberton, chairman, says that the £15m being added back was earned during the half year just ended rather than being drawn back from a fund accumulated earlier. "We should be able to make some further reduction at the year end," he says.

The trading surplus was as usual struck after deducting provision for bad and doubtful debts calculated by reference to the group's five-year average experience.

"Since that formula results in a deduction greater than is now required, we have, as in the second half of last year, brought some back into profit and present indications are that we should be able to make some further reduction at the year end, unless there is an unforeseen change in our bad debt experience," the chairman says.

He feels the second half would show a comparable figure to that seen in the first half of the year.

On the National Bank of North America proposals, Mr. Leigh-Pemberton says negotiation of the contract has been proceeding smoothly but is not yet complete. "As soon as it is, our formal application will go to the authorities, but it may be some months before their decision can be expected."

Grindlays Hldgs. climbs £3.4m

WITH OVERSEAS earnings, especially in India and the Far East, at its main subsidiary Grindlays Bank showing an encouraging increase, Grindlays Holdings expanded taxable profit for the half-year to June 30, 1978, by £3.36m to £18.98m.

Tax for the six months took £9.06m (£7.37m) leaving earnings per 25p share ahead at 14.5p (12.2p). The net interim dividend is held at 1p costing £340,000 (same) but the directors say that consideration will be given to the appropriate total dividend for the year when the full-time results are available. The final last time of 1.75p was paid from profit of £30.45m.

Grindlays Bank, in which the group holds 51 per cent and Citibank 49 per cent, has declared a maintained interim of £675,000 of which the parent's share is again £344,250.

For the banking group the surplus for the first half advanced 21 per cent to £19.11m (£15.78m) before tax of £9.13m (£7.66m) for earnings per £1 share of 61.4p (51.1p).

The directors here also say they will consider the appropriate total dividend for the year when the results for the 12 months are available.

In Africa, in spite of political uncertainties in some areas, there was a steady improvement, while in the Gulf, the profit contribution was similar to last year. The group's business with Latin-America continues to be of considerable importance, the directors say.

Excluding the exceptional profit mainly resulting from the sale of the bank's interest in the insurance underwriting business of A. L. Sturge (Holdings), UK operating profit continued to be good.

In view of the reduced margins and longer term loans being requested, new commitments for Eurocurrency business were at a considerably lower level. The money market and foreign exchange operations experienced difficult conditions, and profitability did not reach the exceptionally high level of 1977.

The shipping business continued to contribute to profits. UK earnings again benefited from tax reliefs available from earlier years.

GRINDLAYS HOLDINGS

	Half year 1978 £000	1977 £000
Pre-tax profit	18,976	15,618
Tax	9,061	7,369
Net profit	9,915	8,250
To minorities	4,971	3,914
Extraord. credits	481	—
Attributable	5,427	4,136
Int. dividend	340	340
Retained	5,087	3,796

GRINDLAYS BANK

	Half year 1978 £000	1977 £000
Pre-tax profit	19,110	15,782
Tax	9,132	7,660
Net profit	[illegible]	8,122
To minorities	286	66
Extraord. credits	947	—
Attributable	10,629	8,056
Int. dividend	675	675
Retained	9,954	7,381

● **comment**

First-half profits from Grindlays Holdings show a healthy improvement—thanks principally to the strength of business for Grindlays Bank in the Far East, and the growing importance of its Latin American connection. Insofar as there were areas of difficulty—profits of the money market and foreign exchange businesses were down on the "exceptional" figures produced in the first half of last year, and while the figures from the shipping side were positive, they showed the same trend—they did not prevent the bank's UK divisions from likewise turning in "good" results at the operational level. The volume of Grindlays' Eurocurrency loans is now declining — because low margins and long maturities are deterring the bank from taking on much new business; and the same situation applies in shipping. But in the context of the healthy expansion overseas, that does not matter much. For shareholders, the real significance in the half-time announcement lies in the hints of an increase in the dividend, once it is possible to judge what the level of retentions ought to be—which in itself will be partly dependent on the impact of parities on the end-year sterling value of deposits. The ratio of shareholders' funds to deposits has been improving, but Grindlays still has some repair work to do. At the moment, however it looks as though the historic 3.4 per cent which the shares yield at 123p is going to be covered well over 10 times. So there should be room for an improvement in the payout, too.

Wheeler's advances to peak £652,602

ON TURNOVER of £5.2m against £4.35m previously, pre-tax profits of Wheeler's Restaurants, oyster and fish restaurant owner, advanced from £528,807 to a record £652,602 for the March 31, 1978 year. At halfway profits had risen from £253,730 to £317,260.

Earnings per 10p share are shown to be up from 18.49p to 23.04p and the dividend total is lifted to 4.0p (4.39p) with a final of 3.27p net. Also proposed is a two-for-13 scrip issue.

Mr. Bernard Walsh, the chairman, says that with careful investments in new restaurants and prudent management of the company's existing business, directors hope to achieve a further increase in profits in the current year.

During the year the freeholds were acquired of 19 Old Compton Street, the Braganza Restaurant at 56 Frith Street, and 17 Market Street, Brighton.

The chairman says that it is the directors' intention to pursue the policy of acquiring the freeholds of the company's restaurants and properties, as and when they become available.

	1977-78 £	1976-77 £
Turnover	5,200,114	4,354,902
Trading profit	653,030	528,735
Associated co. loss	428	*72
Pre-tax profit	652,602	528,807
UK tax†	348,773	284,083
Current profits	332,203	291,395
Deferred tax	16,570	27,312
Net profit	303,829	244,724
Minority interests	4,237	4,378
Extraord. debit	—	320,446
Transfer‡	—	287,349
Making	299,492	207,747
Brought forward	317,378	454,745
Transfer to¶	—	267,349
Attrib. to Ord.	617,065	374,643
Dividends	63,700	57,070
Leaving	553,365	317,573

* Profit † On SSAP 8 prior year tax adjustment are included in current year profits. ‡ Credit. § Retained profits. ¶ Profit and loss account.

Felixstowe Tank increase

Turnover of Felixstowe Tank Developments improved from £323,281 to £425,107 in the first six months of 1978 and profits were £152,316 against £111,587 before tax of £79,464 compared with £58,025.

Earnings per share are shown at 7.34p (5.36p) and the interim dividend is again 2.5p

This announcement appears as a matter of record only.

SINCLAIR GOLDSMITH
Chartered Surveyors
9/10 Fenchurch Street, EC3

acting on behalf of

WESTDEUTSCHE LANDESBANK GIROZENTRALE

acquired the Freehold Site at 41/43 Moorgate, London EC2 on which their new London Headquarters is being constructed.
The building is due for completion in 1979 and will provide approximately 23,500 sq. ft.

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HIGHLIGHTS

The Lex column takes a look at the figures from National Westminster Bank today where the £15m reduction in the provision against advances left pre-tax profits at £108.6m. Taylor Woodrow is marginally ahead, though it is finding it difficult to replace Middle East contracts. So the picture is one of falling profits and rising sales. Elsewhere, Standard Life's figures come under the eye of appraisal and Davy's figures are a bit disappointing. Meantime Howard Machinery's profits are down, even on last year's poor results, meantime, Heward Tenens is well on the way to a full recovery with profits of £0.35m. Macarthy's has topped market expectations and Grindlays shows an improvement, thanks mainly to the strength of business in the Far East and Latin America.

Small midway growth at Taylor Woodrow

TAXABLE PROFITS of Taylor Woodrow, builder and civil engineering contractor, marginally improved from £7.73m to £8.09m for the six months to June 30, 1978. For all the previous year, a record £22.42m was achieved.

Mr. R. G. Puttick, the chairman, says as always emphasised, results should be judged over a number of years rather than over a short period, but nevertheless, he regards the first-half figures as not unsatisfactory in the light of current market conditions.

Turnover for the period was split as to: company and subsidiaries £182m (£162m) and associates £11m (£18m). Trading and investment income advanced from £10.51m to £12.3m, before depreciation of £4.56m (£3.3m) and a lower share of £351,000 (£516,000) from associates.

After tax of £4.23m (£4.02m) and minorities of £523,000 (£664,000) available profit rose slightly from £3.04m to £3.33m. The net interim dividend is 2.01p (1.98p) per 25p share—last year's final was 5.6229p.

Walter Alexander grows 20%

THOUGH SALES only improved 8.4 per cent to £29.36m, due in part to industrial action within its coach building activities, Walter Alexander reports a 20 per cent rise in taxable profit from £1.95m to £2.34m for the year to March 31, 1978.

Coach building sales showed little increase but the division achieved a reasonable level of profitability and it holds a good order book, including a substantial export content for the Far East, Mr. Walter Alexander, the chairman, states.

Group budgets indicate that for the current year improved results will be attained by all activities and this trend is confirmed by profits for the first three months. The chairman is, therefore, hopeful of another satisfactory increase in group profit.

After tax of £1.19m (£998,198), earnings per share for 1977-78 reached 16.2p (13.5p) and the net dividend is stepped up to 4.85p (4.25p). The group's shares are traded by M. J. H. Nightingale and Co.

The directors are continuing to concentrate on strengthening and developing existing businesses which also include other transport related activities and light engineering, and this will involve fairly substantial capital expenditure during the year. They are, however, confident that this can be funded from cash flow.

A revaluation of group land and buildings during the 12 months produced a surplus of about £2.5m over book value.

	1977-78 £	1976-77 £
Turnover	29,361,000	27,058,000
Share assocs.	260,250	222,686
Pre-tax profit	2,335,636	1,945,667
Tax	1,191,342	998,198
Net profit	1,144,294	947,469
To minorities	118,256	96,465
Attributable	1,026,038	851,004
Dividends	306,332	288,470
Retained	719,706	562,534

Rotaflex down 22% to £0.54m at midway

FOR THE first six months of 1978, profits before tax of Rotaflex (Great Britain) fell by 22 per cent from £690,100 to £539,100. However the order book is healthy and there could be a marked overall improvement in the second half, Mr. Michael Frye, the chairman, tells shareholders.

Sales for the first half increased by £1.25m to £9.3m, but represented a downturn in real terms compared with last year when the German subsidiary, Interlumen's sales were excluded.

The net interim dividend is raised from 0.4723p to 0.5195p, an increase of 10 per cent and is in line with the statement made at the time of the rights issue last year—the total payment in 1977 was 1.5998p from pre-tax profits of £1.53m.

The interim absorbs £32,200 (£43,200). Tax takes £280,300 (£356,600), leaving net profits at £258,800 (£333,500) and £206,600 (£290,300) is retained.

"Profitability was maintained in the UK in the first half but the deterioration of economic activity in many countries abroad led to the lower profit," the chairman says.

Trading in the main overseas markets has been patchy so far this year.

After a difficult period following takeover, Interlumen is now settling down and Mr. Frye anticipates a much better performance from them in future.

Higsons £4.5m expansion

The directors of Higsons Brewery have decided to modernise and expand the company's brewery in Liverpool at a cost of some £4.5m.

Over the next four years the intention is to increase brewing capacity to meet anticipated demand and to brew the company's own lager.

The development will be in two parts: one will be the modernisation of the brewery which will take 2½ years starting from early 1979. And there will be installation of the equipment to brew the lager which will take a further 1½ years.

The company will continue to produce what is commonly known as real ale as well as lager.

ISSUE NEWS

Pref quote for Jenners

IN A SIMILAR operation to Robinson Bros. last June stockbroker Gilbert Eliott has arranged an issue of preference stock to give a quoted outlet for a family-controlled company retaining its stake in the ordinary equity.

Jenners, Princes Street, Edinburgh, has issued 1,002,400 new 10 per cent cumulative preference £1 shares and 560,000 ordinary shares in Jenners.

It is proposed to place 30 per cent of the preference shares. No new money is being raised by the company.

Particulars are published in connection with the placing of 300,720 preference shares by Kleinwort Benson at a price of 96p each.

The company carries on the business of a department store in a prime location in Edinburgh which has for many years been one of Scotland's leading retail groups.

The company also has a substantial depository in Edinburgh built to its own order in the 1920s and there are other property interests within the company.

Jenners has a small interest in shipping.

In their report for the year ended January 31, 1978 the company states that turnover had increased substantially during the year, largely because of the first full year of six-day trading and very buoyant tourist trade. While these factors could not be expected to recur this year the move back to the company's premises in Rose Street since November, 1977 should help to increase turnover in this year.

The first dividend on the preference shares will be payable on February 1, 1979 and will amount to 5.59p per share. Thereafter dividends will be payable on August 1 and February 1 each year.

Dealings start next Monday in the new preference shares. The opening price will probably be around 96p to 97p each.

Yearlings ease to 9⅞%

The interest rate on this week's issues of local authority yearling bonds is down from 10 per cent to 9⅞ per cent. Issued at par, they are due on August 1, 1979.

The issues are: Borders Regional Council (£0.75m), Kingswood District Council (£1m), City of Wakefield Metropolitan District Council (£0.5m), Thurrock Borough Council (£1m), City of Carlisle District Council (£0.5m), Sefton Metropolitan Borough Council (£0.5m), South Shropshire District Council (£0.25m), Dudley Metropolitan Borough Council (£0.25m), London Borough of Havering (£1m), Buckinghamshire County Council (£1m), Hart District Council (£0.25m), Borough of Chesterfield (£0.5m), Dartford Borough Council (£0.5m), City of Sheffield (£1.25m).

Gosport Borough Council is raising £0.75m by the issue of 10¾ per cent bonds, issued at par, due on July 28, 1980.

Four-year bonds are being issued at par by Eastbourne Borough Council (£0.25m), and Banff and Buchan District Council (£0.25m) with a coupon rate of 11¼ per cent, due on July 21, 1982, while five-year variable rate bonds are being issued by Borough of Wolverhampton (£1m) and Essex County Council (£1m) at 99½ per cent, payable on July 30, 1983, at a margin of ¼ per cent above LIBOR.

EDITH

The Stock Exchange has granted a listing for up to 1,437,000 new shares of Estate Duties Investment Trust.

If all these shares are issued, the total issued share capital of EDITH will become £17,760,278 in shares of 25p each.

The new shares are being issued in consideration for the acquisition of a minority holding in an industrial company, made as a portfolio investment in the normal course of EDITH'S business.

BROOKE TOOL

Brooke Tool Engineering (Holdings) announces that acceptances have been received in respect of more than 95 per cent of the 2,036,658 shares offered by way of rights at 28p.

The new shares not taken up have been sold and 6.96p per share net premium will be distributed to those who received provisional allotment.

Second half surge boosts Davy Intl. to record £25.3m

A SECOND half profit of £16.9m against £11.49m boosted pre-tax profits of Davy International to a record £25.29m for the March 31 1978 year compared with £18.78m last time.

Sir John Buckley, the chairman, says that results would have been better had not severely adverse trading conditions affected profits from Germany and the group's foundries.

He states that the group's present order book is £1.24bn and prospects are quite good, but the sluggish world economy continues, he says, to make the winning of contracts hard and needing great enterprise. Even so, Sir John says, there is every reason for believing that Davy will continue to make good progress.

	1977-78 £000	1976-77 £000
Work done	396,654	325,566
Turnover	371,221	297,455
Add increase work in progress	17,362	31,451
Profit before tax	25,294	18,782
Tax	12,314	9,365
Net profit	12,980	9,419
Extraordinary credit	1,465	2,675
Making	14,445	12,094
Dividends	4,267	3,243
Profit retained	10,178	8,851

Stated earnings per 25p share are up from 30.9p to 34.5p, before extraordinary items, and the dividend total is stepped up to 11.035p (9.85p) net with a final payment of 7.425p. Also proposed is a one-for-one scrip issue.

Sir John Buckley, chairman of Davy International — progress expected to continue.

In a form illustrating the effect of the recent mergers with Head Wrightson and Co. and Herbert Morris, the chairman explains that profits of Davy International Limited were £21.0m (£18.2m), an increase of 15.4 per cent over the previous year and more than twice the level of two years ago. Head Wrightson profits were £1.7m and the result is low compared with expectations, due almost entirely to their foundries with losses of £343,000. The Herbert Morris profit of £2.7m was only a little short of expectations, he adds.

The continued growth in financial strength of the company has been particularly marked in the past 12 months, Sir John states. There was an increase of £13m in shareholders' interest from £47.4m to £60.4m, achieved mainly by retained earnings of £10m. This level of retention has been achieved although the company has continued to provide for deferred tax in full and this additional source of funds has increased by a further £9m.

The company has also maintained its progressive programme of investment in plant and buildings, and expenditure under this heading together with the cost of several small but important acquisitions amounted to £16.2m. Liquidity continues to be extremely strong, he adds.

Balance sheet shows total net assets at £102.57m against £76.72m with net current assets at £47.13m (£32.98m).

Principal activities of the group are engineering and construction for oil, chemicals, petrochemicals, plastics, etc.

Howard Machinery cuts interim

ALTHOUGH SALES were better at £34.67m against £33.5m, taxable profits of Howard Machinery, the farm equipment group, fell by £10,000 to £151,000 for the half-year to April 30, 1978.

To meet a marked world-wide recession in the agricultural machinery market, the group is reducing its manufacturing facilities in the UK and overseas.

Although confident in the long-term outlook, the directors consider it advisable to conserve funds for the time when the market recovers and therefore, the interim dividend is to be cut from 1.045p to 0.55p net—the previous year's total was 2.233p from £1.51m pre-tax profit.

The half-year result includes a share of associate losses of £118,000 (£114,000). Since October 31, 1977, a third party investment has reduced the holding in the Brazilian company to 43.8 per cent and it has ceased to be a subsidiary. This proportion of its results is now consolidated as an associate and comparative figures are adjusted accordingly.

After deducting minority interests of £55,000 (£84,000), attributable pre-tax profit was higher at £96,000 (£77,000). No tax charge is shown as the directors say this would be misleading because certain subsidiaries make tax losses in the first half due to the seasonal nature of their business.

● **comment**

Taxable profits at Howard Machinery are down even on last year's disastrous result, although the second six months are traditionally much more important. Nonetheless the outlook is grim and the company itself sees no immediate end to the problems. In the current year closure costs at Ipswich and Washington New Town will put a big strain on the final dividend but far more worrying is the depressed world market for agricultural machinery. In the UK, for example, this has hit rotovator sales and stiffer competition has been felt in the field of manure spreaders as patents run out. Overseas the picture has been brighter in France and Germany though Australia, Brazil and the U.S. remain dull. In EEC countries, however, competition has now intensified while the going may well be tougher for Howard's low technology products in less developed countries when the good times return. The shares managed to rise 2p to 20p yesterday where, given some again profits of £1.5m, they stand on a prospective p/e of 10.7 and yield, assuming no cut to the final, 10.3 per cent (covered less than one and a half times).

Better trend for Amal. Distilled

FOLLOWING a turnround from a loss of £25,917 to a £92,650 profit at midway, Amalgamated Distilled Products finished the year to March 31, 1978, with a pre-tax surplus of £96,861, compared with a £22,145 deficit last time.

Sales rose by 33 per cent to £14.13m and despite setbacks in some divisions, operating profit amounted to £566,588 (£423,512).

Trading profit recovered sharply from £56,329 to £204,902, struck after interest including £52,219 (£23,353) on long-term loans to finance whisky exports which were nearly 100 per cent higher at £2.1m.

The net dividend total is stepped up from 0.25p to 0.75p per 10p share, with a final of 0.25p.

	1977-78 £	1976-77 £
Turnover	14,128,294	10,596,034
Operating profit	566,588	423,512
Interest payable	361,594	367,183
Long-term loans	52,219	23,353
Bank & other loans	309,375	343,830
Trading profit	204,902	56,329
Prior year items	21,763	—
Loan Stock int.	78,366	78,474
Profit before tax	96,861	*22,145
Taxation	66,794	8,420
Extraord. debits	63,464	151,917
Available loss	35,397	221,352
Dividends	49,035	18,245
Leaving loss	87,432	23,607

* Loss. † Credit. ‡ Profit.

Mr. Ellis Goodman, the chairman, says the Scotch Whisky export division produced a much better profit performance although affected by currency losses in the latter part of the year with Scotia Royale, Old Court and Fraser McDonald making substantial gains.

The export price rise announced in February, 1978 was too late to affect profits in the 1977-78 year but will help offset increasing costs in the current year, he adds.

Mr. Goodman reports that the Grangemouth Bondong operation returned to profit during the year and that if the current level of demand is maintained "further growth in profits should be achieved."

While a high level of blend sales to trade customers was achieved during the year, market conditions remained difficult and depressed, with margins minimal and prices for mature whiskies remaining below replacement cost and requiring further borrowings to maintain stock levels.

"However, demand has recently increased and prices are rising. If this trend is maintained a much better profit performance from these operations should be achieved in the current year," the chairman states.

While the sales and profit performance of Robert Porter were much improved during the second six months, continued problems following the installation of a new computer resulted in a large build-up of both debtors and bank borrowing.

"Although these problems have now been resolved it has been considered prudent to create a large provision against possible bad debts. Current trading has not been good and it is anticipated that the first half results will again be poor. Various alternatives to Robert Porter's future have been considered but no conclusions have been reached as yet," says Mr. Goodman.

On prospects, the chairman says the improving trend in Scotch whisky operations with an expected better group profit performance in the current year should counteract any further difficulties at Robert Porter.

Rosgill Hldgs. stays on recovery course

Maintaining the recovery seen at halftime, Rosgill Holdings, taxable earnings of £113,077 against a loss of £41,860, in the second six months of the year to May 27, 1978, taking the full-time profit to £315,077, compared with a deficit of £168,880.

Because of the current buoyant textile market, satisfying demand on a high volume line, where sales exceed original estimates, may now be more difficult than in the recent past. Even so the indications for the group's first 28 weeks of trading in 1978-79 are encouraging and both turnover and profit are budgeted to show significant increases, Mr. J. L. Ingles, the chairman, states.

As indicated in February, no dividend is to be paid for 1977-78 since the immediate priority remains the rebuilding of the group's reserves. However, if the group's performance continues to improve the directors will give favourable consideration to some restoration of payments at the next interim stage, he says.

The last payment was a final of 1.28p net for 1974-75 when profit was £0.8m.

Net liquid funds improved during the year by £748,102 which goes a long way towards recovering the adverse movements of the two previous periods.

	1977-78 £	1976-77 £
Sales	16,195,179	13,170,170
Trading profit	386,699	*50,183
Interest received	4,460	1,460
Interest paid	75,862	120,143
Pre-tax profit	315,077	*168,880
Tax credit	—	13,909
Net profit	315,077	*154,851
Extraord. losses	—	2,027
Attributable	315,077	*157,208
Unappropriated losses†	25,676	[illegible]

* Loss. † From prior periods. ‡ Profit.

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Macarthys tops £3m on 22% sales increase

FROM increased sales of £90.4m against £73.97m, profits before tax of Macarthys Pharmaceuticals rose from £2.85m to £3.19m in the year ended April 30, 1978.

With first-half profits up from £1.22m to £1.47m on higher turnover, the directors expected second-half results to be of the same order as the first six months.

They now say that since the start of the current year, business has increased satisfactorily throughout the group.

Earnings per 20p share are given at 28.1p against 20.4p and the final dividend is 2.88p making a maximum permitted 4.38p compared with 3.93p previously.

External sales increased by some 22 per cent overall, in a period during which the rate of inflation in the prices of the products handled has fallen to about 10 per cent over the year, the directors say. However, difficult trading conditions were experienced in the pharmaceutical distribution activities.

	Year 1977-78 £000	1976-77 £000
Pharmaceut. sales—		
Manufacturing	2,780	2,305
Distribution	79,266	59,194
Surgical distrib.	8,480	6,051
Retailing	11,761	[illegible]
Veterinary	5,886	4,049
Others	361	411
Internal sales	9,148	7,239
Total sales	90,396	73,969
Manuf. profit	195	61
Distribution	2,431	2,477
Surgical	453	240
Retailing	601	465
Veterinary	374	232
Others	6	79
Making	4,060	3,374
Unrealis profits	54	25
Management	398	329
Staff bonus	415	370
Profit before tax	3,198	2,850
Tax	216	675
Net profit	2,983	2,175
Preference dividend	27	27
Available to Ordinary	2,956	2,145
Ordinary dividends	461	414
Making	2,495	1,731
Extraordinary credit	34	*272

* Debit.

● comment

Macarthys has produced a pretax profits increase when the market had been expecting a marginal downturn. The City had been encouraged in its belief by a hint from directors at the halfway mark that profits in the second half would be of the order of £1.47m. The actual figure is £1.71m. The share price jumped 7p to 94p yesterday giving a p/e of 3.3 and a yield of 7.3 per cent from a dividend that is 6.4 times covered. Better-than-expected margins in the second half from the major pharmaceutical distribution division plus a profits recovery in the pharmaceutical manufacturing and surgical distribution sides are responsible for the second-half buoyancy. But trading prospects in the current year are not too bright. Discounting within the distribution sector is becoming more widespread and the majors are adopting aggressive sales strategies that could lead to a full-scale price war. But if margins hold, the shares are attractive, as there appears to be scope for a dividend increase when restrictions are eased.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Albion, Drayton Far Eastern Trust, General Stockholders Investment Trust, Gillett Brothers Discount, F. Pratt Engineering, Vosper.

Finals: Centreway, Dixor, Laurence Scott, Manchester Garages, PMA Holdings, Rosgill, Somportex, Stock Conversion and Investment Trust.

FUTURE DATES

Interims—	
Ault and Wiborg	Aug. 9
Colonial Securities Trust	July 27
Drayton Commercial Investment	July 27
Drayton Premier Invest. Trust	July 28
Edinburgh American Assets Tst.	July 27
First Scottish American Trust	Aug. 17
Hoover	Aug. 3
Law Debenture Corp.	Aug. 3
Sharpe (W. N.)	Aug. 1
Vogelstruisbult Metal	Aug. 9
Woolworth (F. W.)	Aug. 16
Finals—	
Best and May	Aug. 3
Dixon's Photographic	Aug. 2
Gold Fields Property	Aug. 10
Gold Fields of South Africa	Aug. 18
Malaysia Rubber	Aug. 3
New Witwatersrand Gold Explm.	Aug. 10
Waring and Gillow	Aug. 3

Small rise at U.S. & General

After tax of £179,000, against £168,000, revenue of the United States and General Trust Corporation rose slightly from £295,443 to £301,912 for the first six months of 1978. Gross revenue was down at £509,481, against £521,395.

An interim dividend of 1.75p (1.6p) net has already been paid—for all 1977 payments totalled 5.94p from 585,269 net revenue.

At the half-year, net asset value is shown at 262p (243p) per 25p share.

Y. J. Lovell just ahead at halfway

ANNOUNCING A marginal increase in pre-tax profit from £711,000 to £717,000 for the six months to March 31, 1978, the directors of Y. J. Lovell (Holdings), the construction and timber group, say that with the second half usually more profitable and on present showing they expect to achieve a satisfactory profit for the year as a whole.

Profit for the whole of the 1976-77 year was a record £1.71m.

The interim dividend is maintained at 1.5p net per 25p share—last year's final was 2.39p.

The directors report that, despite few signs of improvement in the fortunes of the construction industry generally those companies of the group concerned with construction and related activities have achieved considerably better results in aggregate than previously.

As anticipated, however, the timber group has not fared so well and, like other importers, has had to contend with falling margins in a highly competitive situation.

Ladbrokes aims for £31m

BY DAVID WRIGHT

THERE IS a reasonable chance that Ladbrokes will achieve profits before tax of around £31m in the current year to December 31, 1978 claims chairman, Mr. Cyril Stein. For 1979 he feels that profits in the region of £25m look possible not allowing for the profits from the casino activities.

Giving a breakdown on the profits projection Mr. Stein said yesterday the holiday, hotels and property interest would earn about £10m in 1978, bolstered by the Leisure and General acquisition, while by 1979 earnings from these divisions would be around £15m with the retail and credit side producing £10m.

Commenting on the recommendations of the Royal Commission on Gambling for the casino sector Mr. Stein claimed many of the suggestions were impossibilities. Moreover the proposals for the casino tax were "nonsense," since it was nearly impossible to determine exactly what was the drop (money exchange for chips).

The Commission had been influenced by the trend in profits from casinos in 1976 and 1977. He expected profits from the industry to be more or less the same in 1978 although Ladbrokes would perform a little better.

Mr. Stein believed some increase in the duty would be made. "We think the increase will be reasonable enough to allow the operators to absorb it."

The company also intended to expand the lottery activities, where in a full year profits in the region of £½m would be achieved.

GENERAL CONSLD.

General Consolidated Investment Trust announces that the latest date for repayment of US$1,025,000 of its foreign currency borrowings, due for repayment as to $525,000 on July 25, 1978 and as to $500,000 on January 31, 1981, has been extended to July 31, 1982.

Wilson Walton at £0.88m

Based on unaudited management accounts and subject to various matters, pre-tax profit of Wilson Walton Engineering amounted to £880,000, on turnover of £15.3m for 1977.

The directors report that the amounts finally payable on two major contracts which were completed during 1977 are under active negotiations—total value of these contracts is estimated at £10.5m of which £7.7m has been received.

As these may have a material bearing on the 1977 figures, the directors have decided to delay publication of the preliminary figures and reports and acounts to allow further progress to be made.

The directors have taken the present stage of negotiations on these contracts into account when arriving at the 1977 profit and turnover figures.

For all 1976, taxable profit of £772,000, on £10.39m turnover was reported.

Recovery to over £1m by Howard Tenens

WITH TURNOVER ahead at £51.19m against £43.37m, Howard Tenens Services announces a turnround from a deficit of £571,000 to a pre-tax profit of £1.02m for the year to March 31, 1978.

At half-way, when announcing profits of £504,000 (£345,000 loss), the directors said they were confident that the group's recovery would be consolidated during the second half.

They now state that the overall financial position of the group has improved and a major restructing of borrowings has been achieved through the negotiations of a medium-term loan of £4m with Barclays Bank.

If the group is not affected by events beyond its control, it is possible that the current year will yield a further useful increase in profitability, the directors add.

Attributable profit for the year emerged at £430,000 (£485,000 loss) after a tax charge of £485,000 (£271,000 credit), exchange losses, minorities, and an extraordinary debit last time of £111,000.

A final dividend of 1.0792p raises the total net payment from 1.704p to 1.9022p per 25 share.

As indicated in the 1976-77 report and accounts, the Board has considered the provisions of ED19 relating to deferred tax and as a result, deferred tax of £1.2m relating to revaluations of properties has been released to reserves. Shareholders' funds now stand at £7.9m.

	1977-78 £000	1976-77 £000
Turnover	51,156	43,365
Share of assoc. profit	129	*81
Profit before tax	1,020	*571
Tax charge	453	†271
Exchange losses	18	65
Extraord. debit	—	111
To minorities	87	6
Attributable profit	430	*485

* Loss. † Credit.

Mr. John Swanborough, the chairman, describes the results as the first stage of a three-year recovery programme for the group.

Over the current trading period, he says the main profits increase will come from the engineering interests. These contributed £250,000 to the 1977-78 results and the group aims to double the figure this year.

Interim results for the current year will have to carry redundancy costs totalling some £200,000 at the group's Willenhall plant but an improvement is still being sought.

The main objectives for the future, according to the chairman, are to increase penetration in the motor industry in Europe and the development of storage and services on an international basis.

"Over the next few years the main growth will come from developing the motor business on a European basis rather than the UK alone," states Mr. Swanborough.

● comment

Howard Tenens is well on the way to a full recovery with profits £0.35m below the 1973-74 peak of £1.37m. The gap might have been even closer had it not been for labour disputes at Massey-Ferguson and BL in addition to parts scheduling problems at Ford, which resulted in the cabs and press metal activities of Willenhall only breaking even for the year. Nevertheless, this is still an improvement and a volume rise of around 15 per cent in the engine re-conditioning company helped turn round engineering's contribution from a loss of £0.26m to a profit of £0.25m. However, the bulk of the business is still storage and distribution (88 per cent of profits) and here the recovery is being helped by the new Allegro contract to transport knock-down gress by Autoprime and the packing company. In the current year Willenhall should make further progress if the automobile industry continues its upward trend while a new contract with Chrysler will improve margins in the engine re-conditioning activity. The shares yield 9.2 per cent at 32p while the p/e is 8.8.

Glass & Metal

DESPITE INDUSTRIAL disputes at one of its plants, which adversely affected profits, Glass and Metal Holdings lifted pre-tax profits from £428,382 to £474,121 for the six months to April 30, 1978, on turnover of £3.34m against £2.99m.

Directors say the disputes have now been satisfactorily resolved and they are hopeful that results for the full year will reflect a continuation of the growth shown over the past few years. For the whole of the 1976-77 year profits advanced from £0.81m to a peak £1.05m.

Tax for the six months took £246,543 (£222,760) leaving a net profit up from £205,622 to £227,578. Minorities' interest was £2,054 (£5,012) leaving an attributable balance of £225,524 compared with £200,010. Earnings per 10p share are shown as 5.7p (5.1p).

SHARE STAKES

Royal Insurance—The Kuwait Investment Office acquired on July 13, 1978 50,000 shares, making at that date a total interest of 7,560,000 (3.03 per cent).

Oxley Printing Group—Mr. M. Lewis, chairman, sold 12,653 ordinary shares at 66p.

RTD profits improve as specialisation continues

PROFITS before tax of the R.T.D. Group improved from £301,179 to £326,637 in the year ended February 28, 1978 following the increase to £137,000 from £121,334 in the first half.

Earnings per share for the year are given as 6.3p against 5.9p but the directors are omitting an ordinary dividend, compared with a single 0.85p interim previously. The Ryan family interests, holders of the participating preference shares, have waived dividend rights.

Turnover increased from £5.05m to £6.88m. After tax of £185,872 (£164,403) net profit improved from £136,716 to £140,765. There are also extraordinary losses of £105,807 against £115,324 previously.

In line with the policy of specialising in generators and electroplating, agreement has been reached for the disposal of the group's tyre distribution company in Ireland, Robert Rennicks, to Harcourt Irish Holdings, for cash. Completion will take place as soon as possible.

The total amount receivable, including the amount due by Rennicks to RTD on loan and current account, is £533,000, on the basis that, at the acquisition date, the net asset value of Rennicks, before deduction of the loan and current account, will be £563,000.

Payment will be made on the completion date except for £135,000 of the amount due by Rennicks to RTD on intercompany loan and current account which will be deferred for payment for 18 months from completion date and will be secured by a bill of exchange accepted by Investment Bank of Ireland.

The total net tangible assets being disposed of and the profit before tax attributable to the company will be quantified on completion but meantime equivalent figures were £9,030 net assets at February 28, 1978 and £55,644 profit before tax for 1977-78.

The proceeds will be used for reduction of borrowings, to provide working capital needs which rise substantially each summer, and for expansion in the generator and electroplating industries. Rennicks was acquired in 1971 at a total cost of £122,257.

The benefits of reduction in debt equity ratio, a saving in bank interest and progression in corporate plan will, of course, be offset to some degree in the short term by the loss of contribution to profits. This is seen as necessary and sustainable in furtherance of its plan for medium and long term growth and steps are in hand to complete this specialisation process over the next period.

The extraordinary loss of £105,807 arises from the off-setting of a realised gain of £105,000 arising from a surplus on the sale at £150,000 of the group's shareholding in Swan Ryan International which had a book value of £45,000 against £148,107 consequent on a subsidiary company property write-down.

In addition, extraordinary items offset, include items arising from the sale of Robin Rennicks being an asset discount of £10,000, the probable cost of £30,000 for discounting the bill of exchange and legal and other fees of some £10,000. There is also a provision for unrelieved terminal tax losses of £12,610.

Valuations were also commissioned on all properties and the group's Manchester electro-plating factory premises warranted a lower figure at present than its former professional valuation: an amount of £148,197 has been included in extraordinary items as the unrealised deficit on revaluation in excess of amounts held in capital reserves and deferred tax relating to the previous valuation.

Trading has continued successfully in the generator set and general electro-plating activities, the directors say. The early preventative efforts in motor cycle distribution have limited to some degree the set-back arising from the collapse of the UK motor cycle industry. The electro-plating of texturising machinery, a market of major importance, continues poor.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Idris Tin ....int.	2	Sept. 4	3	—	12
RTD	Nil	—	Nil	Nil	0.88
Howard Tenens	1.08	Sept. 1	0.97	1.9	1.7
Wheeler's Rest.	3.27	—	2.93	4.9	4.39
Davy Intl.	7.43	—	6.6	11.08	9.85
Walter Alexander	4.85	—	4.25	4.85	4.25
Amalg. Distilled	0.25	Sept. 21	0.25	0.75	0.25
Macarthy's	2.88	—	2.93	4.38	3.93
Grindlays Hldgs. .....int.	1	Oct. 2	1	—	2.75
Taylor Woodrow .....int.	2.01	Oct. 2	1.98	—	7.6
Rotaflex .....int.	0.52	Oct. 10	0.47	—	1.59
Nat. Westminster .....int.	5.68	—	5.17	—	11.49
Y. J. Lovell .....int.	1.5	Oct. 2	1.5	—	3.89
Howard Machinery ...int.	0.55	Sept. 29	1.05	—	3.23

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

BAKERS STORES

Results for the half-year to 1st April, 1978

"Trading profit — increase of 80%"

	Half-year 1978	Half-year 1977
Turnover	£1,658,243	£1,311,933
Trading Profit	£204,097	£113,375
Interest Receivable	£14,700	£23,014
Profit before Taxation	£218,797	£136,389
Earnings per share	3.50p	2.18p

"Trading in the second half-year has continued at a satisfactory level, and there is every confidence that your company will be able to announce further record results at the end of the current financial year."

BAKERS HOUSEHOLD STORES (LEEDS) LIMITED

Scottish & Newcastle Breweries Limited

Major progress in re-equipment and reorganisation

Extracts from the statement by the Chairman, Peter Balfour.

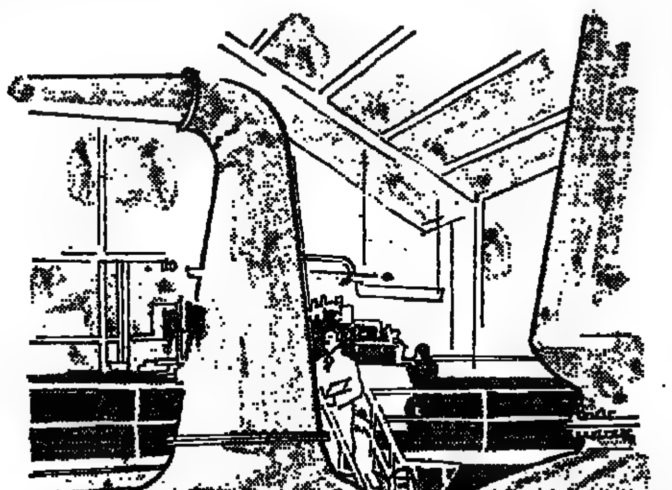
The main advances during the year have been two. First, we have achieved much progress in re-equipping the Company. Second, we have made a good start to major reorganisation which I believe will lead to faster progress and increased profits.

BEER MARKETING

Volume sales of ale and lager combined fell by 4 per cent. In Scotland, where McEwan's Lager is doing particularly well, we increased both volume and market share. Elsewhere, the stoppage at Newcastle in November resulted in not only a loss of sales, but also a switch by some customers to other suppliers.

The retention and increase of our market share remains a primary objective. As a result of our capital expenditure we now have the distribution organisation and the production resources to fulfil this aim.

McEwan's Export is a growing brand, Tartan Bitter is the leading ale in the market, McEwan's Lager is now in general distribution, while Harp brands remain the mainstay of our lager portfolio. With these and our Newcastle brands we shall slowly but surely regain and increase our national trade.



REORGANISATION

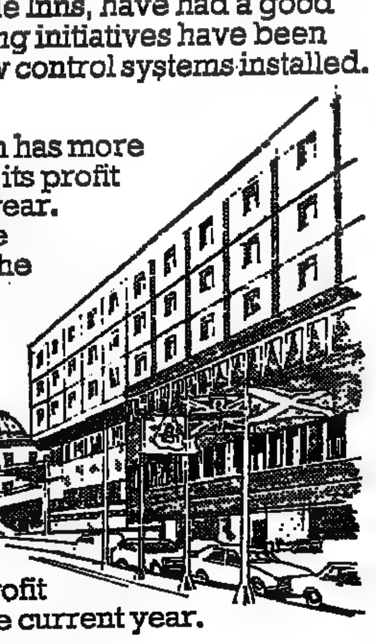
A major feature of the year has been the start of the reorganisation of the Company into separate business enterprises. The principal change has been the creation of a Group Executive headed by the Chief Executive, Mr. Robert King, responsible to the Board for the day-to-day running of the Company. A number of new agency companies covering our various activities have been created, of which Scottish & Newcastle Beer Company is the most important. We are satisfied with the progress so far achieved, but the full benefits will not be felt for another eighteen months to two years.

MANAGED PUBLIC HOUSES

Managed Public Houses, now called Scottish & Newcastle Inns, have had a good year. New marketing initiatives have been developed and new control systems installed.

HOTELS

Our hotels chain has more than doubled its profit during the year. On July 6, we announced the purchase of the Lowndes and Cadogan hotels in London. New marketing methods, and more effective management, are starting to pay off and we expect a further profit advance during the current year.



WAVERLEY VINTNERS

Steady progress has been made both at home and abroad by our wine and spirit company.

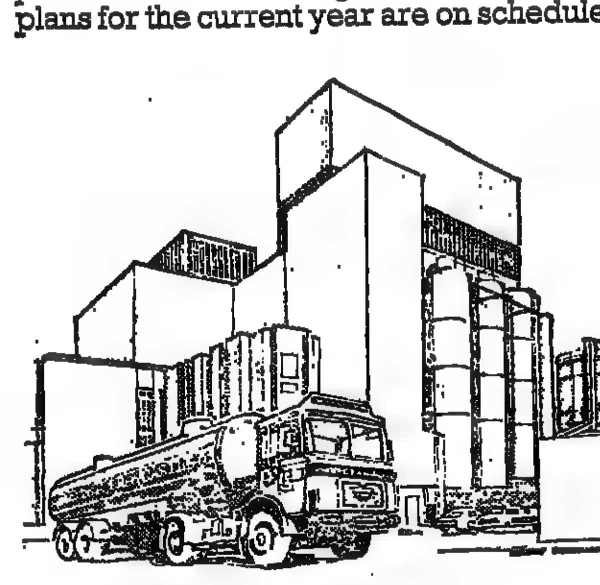
CAPITAL EXPENDITURE

Last year I stated that we expected to spend £40 million during 1977-78 and a similar sum in 1978-79.

RESULTS AT A GLANCE

	1978 £000	1977 £000
Profit before taxation	35,378	35,113
Earnings per share	10.0p	9.3p
Ordinary dividend per share	3.41p	3.10p

We have spent £45 million, including the purchase of the Kensington Palace Hotel, and plans for the current year are on schedule.



GOLF ST CYPRIEN

We announced on July 6 that agreement had been reached to sell Golf St Cyprien to a French company. We have written off our total investment as an extraordinary item in this year's accounts.

DEL MONTE KITCHENS

Del Monte Kitchens has been sold to Ross Foods Limited. Our cumulative losses having been written-off, a small surplus should arise.

THE FUTURE

We expect a further increase in profits from our Managed Houses and Hotels and from Waverley Vintners. We are confident of achieving further growth of ale and lager sales in Scotland.

Several of our diversionary activities have been brought to an end so that management can concentrate on the essential tasks. A determined effort to improve productivity is in progress.

I am confident that we are now putting the Company into a more competitive and efficient shape.

To: The Company Secretary,
Scottish & Newcastle Breweries Limited,
Abbey Brewery, Holyrood Road, Edinburgh EH8 8YS

Please send me your Annual Report & Accounts for 1978.
(BLOCK CAPITALS please)

Name ____________

Address ____________

MINING NEWS

Anglo heading for a golden year

BY KENNETH MARSTON, MINING EDITOR

THE STRENGTH of the industrial demand for gold is stressed in *the 1978 annual report of Anglo American Corporation of South Africa*, the giant mining industrial and finance group which last year was responsible for the equivalent of some 27 per cent *of non-Communist world production of the metal.*

It is pointed out that while the U.S. dollar price of gold has advanced, the weakening dollar has made the metal comparatively cheap to manufacturers paying in strong currencies such as the DeutscheMark, Swiss franc and the yen.

It is also stated that current industrial demand for gold can no longer be met out of western world production and that if the International Monetary Fund monthly auctions were to be discontinued, "the market would be seriously short of physical gold."

On January 1, 1977, Anglo American was enlarged by the absorption of Rand Selection. At Anglo's changed financial year-end of March 31, 1978 the value of the direct interests of the corporation and its associated finance companies was about R3.6bn (£2.14bn), while the overall size of the group — the aggregate value of the administered companies and *the direct interests in non-*administered companies — was an awesome R5.6bn.

Taking the corporation's direct investments and the underlying investments of the holding companies in which it is interested, the major investment income sources in 1977-78 were: diamonds 32 per cent; gold 30 per cent; industrial 17 per cent; coal 8 per cent; and finance 8 per cent. In terms of investment value, gold came first at 43 per cent; diamonds 19 per cent; industrial 17 per cent; and finance 7 per cent.

The principal administered investment companies are: **Anglo American Gold Investment, Anglo American Investment Trust** (diamonds), **Anglo American Industrial Corporation** and **Anglo American Coal Corporation.** Despite an improved gold price—it rose 18.4 per cent to an average of $147.72 in 1977—Amgold's profits were reduced last year because dividends paid by the gold mines were restricted by higher working costs and increased capital expenditure.

Amic earnings were affected by the economic depression in South Africa; Anamint reflected the higher earnings of **De Beers**; and Amcoal enjoyed a 68 per cent rise in profits. Overall, Anglo's estimated group earnings for the 15 months to March 31 would be equal to some 178 cents per share compared with 132 cents for the 12 months to December 31, 1976.

Looking to the current year to next March, the higher bullion price is clearly going to boost income from the gold (and uranium) mines as the rising trend of dividends already declared has shown. Diamond income is also going to show a further rise while the industrial activities may do better in line with the recent improvement in the South African economy.

Coal, which is South Africa's third largest export contributor after *gold and diamonds*, should make a satisfactory showing. But it is pointed out that while the world market for steam coal continues to be firm there has been a weakening in the overseas demand for metallurgical coal and in South African demand for bituminous coal.

On balance, therefore, it seems that Anglo is heading for a good year with the boom conditions in gold and diamonds as major factors.

Meanwhile, mining exploration continues with emphasis being placed on uranium. Results from the investigation of a secondary uranium deposit in the northwestern Cape are stated to have been "encouraging."

In another desert area large, but low grade, uranium deposits are being examined in the Namib Desert of Namibia (South West Africa) in conjunction with **Minatome, Omitaramines** and **Union Corporation.**

The area is near Swakopmund where **Rio Tinto-Zinc** has its big **Rossing** uranium mine; not far away is the **General Mining** group's promising Langer Heinrich uranium deposit. Anglo has also made a copper-lead-zinc discovery in southern Namibia which is "of particular interest." Mineral wealth would, it seems, greatly brighten the prospects of Namibia given a reasonable measure of goodwill between future Government and the mining companies.

Inspiration's half-way loss

A LOSS for the second quarter of $1.01m (£524,000) is reported by the U.S. **Inspiration Consolidated Copper.** This makes a loss for the past six months of $3.06m *compared with a profit of $2.11m* in the same period of last year.

During the latest six months Inspiration delivered 43.43m lb of copper at an average price of 63.21 cents per pound. Deliveries in the first half of last year amounted to 55.09m lb at an average price of 70.2 cents.

Mr. J. B. Howkins, president of *the big copper producer*, says that although there has been a slight decrease in stocks of copper overhanging the markets, prices remain at severely depressed levels and the U.S. copper producing industry urgently needs relief from the detrimental effects of continuing increased imports of refined copper.

The **Anglo American Corporation** group's **Hudson Bay Mining and Smelting and Minerals and Resources Corporation** members have recently extended until July 31 their cash offer of $33 per share for the shares not already owned in *Inspiration. It was last* reported that they had raised their holding from 40 per cent to 69 per cent.

The Anglo American group, however, has no illusions about the near term outlook for copper producers. In the parent's annual report, published today, it is stated: "Prospects of an improvement in the copper market during the next 12 months are not encouraging. There are no *indications of a worthwhile* increase in world consumption so any alleviation must come from a reduction of supply."

Greenvale debt rescheduled

DEBT repayments of the struggling Greenvale nickel operation in Queensland which is jointly owned by **Freeport Minerals** and **Metals Exploration** are to be rescheduled for the third time. The necessary legislation is to be introduced next month by the Queensland Government which is guarantor to 27.5 per cent of Greenvale's borrowings and stands to lose about A$70m (£41.7m) if the mine closes.

The State Treasurer, Mr. Bill Knox, said in Brisbane yesterday that the 32 lenders to the project had agreed to the rescheduling. *He gave no details of the new* arrangements but said that they would be within the framework of the original 20-year loan programme. Metals Exploration were 20½p in London yesterday.

BERALT PAYMENT

Beralt Tin and Wolfram intends to declare a dividend in December for payment before the end of the year. A distribution of *approximately* 4p *per share is* envisaged, as indicated in the chairman's statement.

It is announced that Portugal has given consent for the company's share of the Es90m dividend, declared by the 80.55 per cent-owned Portuguese operating company from 1977 earnings, to be remitted to the UK in six equal monthly instalments.

The first has been received and Beralt has been permitted to convert the balance into sterling to be held in Portugal for remittance in equal instalments from August to December this year. Beralt were 53p yesterday.

THE PENTLAND INVESTMENT TRUST LIMITED

Six Months to 30th June, 1978

A Member of the Association of Investment Trust Companies

The Directors have declared an Interim Dividend in respect of the year to 31st December, 1978 of 1.5p (1977 0.875p) per Ordinary Share payable 1st August, 1978. This is the Dividend forecast: the increase is to reduce disparity.

The unaudited figures for the six months to 30th June, 1978 are shown below together with the comparable figures for the six months to 30th June, 1977.

	30th June, 1977	30th June, 1978
1. Gross Income	£671,993	£697,114
2. Net Revenue after all charges including taxation	£369,268	£393,637
3. Taxation charged in arriving at Net Revenue:		
(a) Overseas Tax	£23,969	£21,472
(b) Corporation Tax	£68,376	£43,499
(c) Imputed Tax on Franked Investment Income	£152,937	£171,887
4. Cost of Dividends		
(a) Preference	£17,804	£17,804
(b) Ordinary	£152,622	£261,638
5. Earnings per Ordinary 25p share	2.01p	2.15p
6. Rate of Dividend per Ordinary 25p share	0.875p	1.5p
	31st December, 1977	30th June, 1978
7. Net Asset Value per Ordinary 25p share	149p	162p
Including whole of dollar premium of	14p	24p
	(32¼%)	(52%)
8. Distribution of Investments	%	%
Equities: United Kingdom	61.7	55.8
United States	28.5	32.7
Canada	2.5	2.6
Australia	1.6	1.9
Europe	2.0	1.5
Total Equities	96.3	94.5
Fixed Interest	3.6	3.6
Net Current Assets	0.1	1.9
	100.0	100.0

NOTES

1. The Net Asset Value has been calculated after allowing for the Interim Dividend and deducting prior charges at par.
2. No provision has been made for tax on Capital Gains. Taxable Capital Gains of approximately £1,266,000 have been made in the first six months.
3. A loan facility of US $1 M was taken out on 30th March, 1978. At 30th June, 1978 $326,151 of this facility had been taken up. Interest is at ½% over prime on amount borrowed.

EAST OF SCOTLAND INVESTMENT MANAGERS LIMITED,
3 Albyn Place, Edinburgh EH2 4NQ.

Y. J. LOVELL (HOLDINGS) LTD.

INTERIM STATEMENT FOR HALF-YEAR TO 31 MARCH, 1978

The results of the Lovell Group for the half-year to 31 March, 1978, are detailed hereunder:

	6 months to 31.3.78 Turnover £000	Trading Profit £000	6 months to 31.3.77 Turnover £000	Trading Profit £000	12 months to 30.9.77 Turnover £000	Trading Profit £000
Construction & Related Activities	25,762	512	21,470	327	45,688	952
Timber Group	4,799	205	4,709	384	9,788	754
	30,561		26,179		55,476	
Less Inter-division sales	270		573		1,365	
	30,291		25,606		54,111	
Group Profit before taxation		717		711		1,706

The Directors are pleased to report that, despite few signs of improvement in the fortunes of the Construction Industry generally, those companies of the Group concerned with construction and related activities have achieved considerably better results in aggregate than previously. *As anticipated, however, the timber group has not fared so well and, like other importers,* has had to contend with falling margins in a highly competitive situation.

The combined results for the first half of the Company's financial year show a marginal increase in trading profits over the first half of last year. The second half, however, is usually more profitable for the Group than the first and on present showing the Board expects to achieve a satisfactory profit for the year as a whole. An Interim Dividend of 1.5p per share, payable on 2 October, 1978, to Ordinary Shareholders on the register on 29 August, 1978, in respect of the year to 30 September, 1978, is proposed.

25 July, 1978.

BIDS AND DEALS

Ultramar negotiating to buy Shell offshoot

BY RAY DAFTER, ENERGY CORRESPONDENT

AT AN estimated cost of some **£25m to £50m Ultramar,** the London *based oil group, is negotiating to* buy the Shell subsidiary **Canadian Fuel Marketers.**

Mr. Campbell Nelson, Ultramar's chairman and managing director, said yesterday that the deal would *increase the company's range of* oil products and would enhance the throughput of its Quebec refinery.

CFM is a wholly-owned subsidiary of Shell Petroleum, one of the holding companies of the Royal Dutch Shell Group. It operates in Ontario and Quebec where it deals in industrial fuel oil, heating oils and petrol with a volume of sales comparable to that of Ultramar in Eastern *Canada last year — some* 83,000 barrels a day.

Mr. Nelson said that if the bid is successful CFM's name, management and staff of about 1,400 would be retained.

However, the transaction is subject to the consent of the Treasury, the Bank of England and of the Canadian Foreign Investment Review Agency. Ultramar would say no more about the details of the proposed deal, other *than that the purchase* would consist of a cash element and the assumption of certain bank guarantees. The cash element would be met from the Ultramar group's existing cash resources and no further financing would be necessary.

Ultramar, which last year made a pre-tax profit of £24.7m on sales of £472.7m, arranged through its Golden Eagle Indonesia subsidiary a seven-year $75m Eurodollar loan a few months ago. It was said at the time that the money would be used to repay shorter-term debt and for general corporate purposes.

At that time Ultramar was bidding to buy a bankrupt oil refinery at Come-by-Chance in Newfoundland. However, the offer was rejected by the receiver and the Newfoundland provincial government.

The proposed deal with Shell will significantly enhance Ultramar's presence in Eastern Canada where it is particularly strong in the petrol market with more than 1,000 filling stations. It has a much weaker hold on the heating oil and fuel oil markets.

Ultramar expects to be able to *increase the throughput of crude* oil through its Quebec refinery from a recent average run of between 70,000 and 75,000 barrels a day to more than 100,000 barrels a day. Although the refinery can be comfortably operated at a *throughput of 120,000* barrels a day it has achieved a record rate of 143,117 b/d, considerably in excess of design capacity.

B & H shares jump on bid approach

BY CHRISTINE MOIR

SHARES of **Bourne and Hollingsworth,** the department store group, rose 85p yesterday to 200p, following Monday's statement that the company might "soon" be involved in bid talks.

Yesterday, the company's merchant bank, Morgan Grenfell, explained that the early disclosure had been made because of recent activity in the shares, in which there is only a narrow market. The Bourne family controls 70 per cent of the equity.

The spokesman for Morgan *Grenfell also said that the* announcement meant "effectively" that initial approaches had been made to the company rather than that the company had itself made any overtures. He could not confirm when talks might start.

The key to the group is its Oxford Street store which is held on a long lease (80 years still remaining) from the Berners Estate. In addition the company owns a hostel and a multi-storey car park close to the store.

The properties are in the books at £5m or so but they were valued at the peak of the last bull market in property at £11.3m. Consolidating this valuation in the accounts would add a further 130p a share to the company's net assets. At the 1978 balance sheet date these were said to be 126.7p.

The Morgan Grenfell spokesman said that the "property development potential of the site *must be something that a bidder* would have to bear in mind." The store has recently been extensively refitted.

In 1971 the directors and family rejected a bid of 75p as "inadequate."

CORINTHIAN HLDGS. CRITICAL OF FRITH TERMS

Corinthian Holdings has *written to fellow shareholders of* W. G. Frith criticising the terms on which Frith Foils is offering to buy them out. Corinthian is asking Frith Foils to offer a higher price and, if Foils refuses, it will not accept in respect of *its 2 per cent stake.*

Corinthian objects to the price offered both on the basis of earnings and asset value. It states that the profit figure of £95,213 for the year ended February 28, 1978 was depressed by exceptional expenditure of £26,000 that year, including £13,533 relating to a directors' pension scheme. Corinthian accepts the p/e ratio of 7.9 used by Foils but considers the ratio *should be applied to profits before* exceptional expenditure. This would imply a price of 90p per share instead of the 70p per share offered.

On an asset basis, Corinthian states that the offer values W. G. Frith at £367,000 whereas the net tangible assets amount to some £575,000. The offer therefore represents a discount to net assets of 36 per cent, according to Corinthian, whereas W. G. Frith has presented it as a discount of 16 per cent. Corinthian states that the calculation of Mr. S. H. May, the independent director of W. G. Frith who is recommending the offer to shareholders, does not take account of a property revaluation. Corinthian says that a "more reasonable offer" would be at a 15 per cent discount on net tangible assets including the property revaluation.

Stenhouse moves into North America

Stenhouse Holdings yesterday announced two important developments in its international insurance broking operations. In Canada the group is to purchase its first reinsurance broker in the North American market. While in France Stenhouse intends to tidy up its French operations through a merger of its French interests.

In the Canadian deal Stenhouse *is to purchase* 50 per cent of the equity of Universal Reinsurance Intermediaries of Toronto for an undisclosed cash consideration. Provision has been made for the acquisition over a period of years of the remaining 50 per cent from *the three working directors of* Universal, who remain with the company and are the only other shareholders. The purchase is to be made through Reed Stenhouse Companies (formerly Reed Shaw Osler) the international insurance *broking group quoted on the* Canadian stock exchange in which Stenhouse has a 54 per cent holding.

Commenting on the purchase the group said yesterday that it would not make a material contri*bution to group profits for some* years, but that it would provide a platform for the future development of the group's reinsurance broking operations in the North American markets.

In France Stenhouse Reed Shaw is to merge its French subsidiary company Bach and Welman Allaire et Flan Re SA with Societe Generale de Courtage D'Assurances, the only French insurance broking company listed on the Paris Bourse.

Stenhouse Reed Shaw already holds a 35 per cent interest in Societe Generale de Courtage, and following the merger Stenhouse Reed Shaw will own 45.69 per cent of the enlarged share capital.

In the last financial year Bach and Welman made around £50,000 profit on around £1m brokerage, while Societe Generale produced around £3.5m in brokerage. The reorganisation is hoped to produce a more viable operation as *well as provide stronger manage*ment controls.

Total group profits from insurance broking earned by Stenhouse Holdings in the last financial year were £8.6m.

WESTON-EVANS

The report and accounts of **Weston-Evans Group,** the engineering concern which is being bid for by **Birmingham and Midland Counties Trust,** reveal that *at the last balance sheet date the* company had some £1.6m in cash and short term investments.

Total borrowings amount to £413,161 by way of a U.S. bank loan repayable by 1983, compared with shareholders' funds (excluding deferred tax of £148,000) of £3.9m.

In rejecting the 124½p cash offer from Birmingham last week the directors said that it undervalued the strength and liquidity of the balance sheet.

They also said that it did not reflect current prospects. In his chairman's statement, however, *Mr. F. Crossland declined to make* a profit forecast on the basis that both the UK and the U.S. economies were in a state of uncertainty. He did say that he was quietly confident of the future.

EXPANSION AT UNITECH

Unitech, the electronics group, has bought **Brookes and Gatehouse,** which specialises in marine navigational equipment and instruments, for £800,000.

Mr. Peter Curry, chairman of Unitech, said yesterday that he hoped Unitech and Brookes and Gatehouse would make a formidable combination in the navigational equipment business.

Unitech has expertise in microprocessors which are becoming more important in this field, said Mr. Curry. Meanwhile Brookes and Gatehouse has a leading position and a distribution system.

Brookes and Gatehouse made pre-tax profits of £204,000 on sales of £1,508,000 in the year ended August 31 1977. In the nine months ended May 31, it made profits of £179,000. The net tangible assets were £741,822 at that date and exports accounted for 65 per cent of sales.

The consideration of £800,000 consists of £600,500 cash and 166,869 shares in Unitech.

THOS. WITTER

A quarter of the shares of Thomas Witter, the floor and wallcovering manufacturer, have been placed amongst a number of institutions it was learnt yesterday. The 2.2m shares were previously owned by Mintrex S.A. which arranged to have them placed in the market by stockbrokers Jacobson Townsley.

ALBRIGHT/TENNECO

As envisaged in the formal documents containing the scheme of arrangement dispatched to stockholders of **Albright and Wilson** on July 14, **Tenneco** has given notice to convert £800,000 5 per cent loan 1986 of Albright and Wilson into 1,600,000 ordinary shares of 25p at a conversion price of 37½p per share. Following the conversion, which will be completed on August 1, 1978, Tenneco's interest in the ordinary capital of Albright will be approximately 50.5 per cent.

REO STAKIS SELLS HOTEL TO VAUX

Reo Stakis, the Scottish leisure group, has sold The Five Bridges Hotel only two months after buying it. The Tyneside hotel has been sold to Vaux Breweries for £675,000.

Reo Stakis bought The *Five* Bridges along with another hotel, Coylumbridge, on May 1 for £1,225,000. The Five Bridges is a modern hotel on Tyneside with 103 bedrooms and other facilities. Coylumbridge, in Aviemore, has 130 bedrooms and other facilities set in 63 acres of heatherland.

Stakis received an offer for Five Bridges shortly after buying it and accepted, "in view of the excellence of this offer and the *fact that Stakis hotels are repre*sented in the area." The deal means that Stakis has effectively bought Coylumbridge for £550,000, the company states.

Meanwhile, Vaux Breweries commented yesterday that it has *bought Five Bridges at less than* £7,000 per room.

The consideration is being satisfied by the issue of 620,000 Vaux ordinary shares with a small balancing cash payment. The shares have been placed.

RKT TEXTILES

Robert Kitchen Taylor and Co. has obtained sufficient acceptances of the offer for **RKT Textiles** to enable it to acquire compulsorily any outstanding ordinary shares of Textiles. *The offer continues* to remain open until further notice.

GARNER SCOTBLAIR

Garner Scotblair has issued 47,500 ordinary shares in connection with the acquisition of **Thomas Dunlop and Sons (Kilmarnock),** an old-established fellmongering business. Net assets of Dunlop as at March 31, 1978, amounted to £56,842.

Tokyo Pacific Holdings N.V.
Tokyo Pacific Holdings (Seaboard) N.V.

The Annual Report as of 30th June 1978 has been published and may be obtained from:

Pierson, Heldring & Pierson N.V.
Herengracht 214, Amsterdam

National Westminster Bank Limited
Stock Office Services,
5th Floor, Drapers Gardens
12 Throgmorton Avenue,
London EC2P 2ES

N. M. Rothschild & Sons Limited
New Court, St. Swithin's Lane,
London E.C.4

Banque Rothschild
21 Rue Laffitte, Paris 9

Merrill Lynch International & Co.
all European offices

Sal. Oppenheim jr. & cie.
Unter Sachsenhausen 4, 5 Köln

Trinkaus & Burkhardt
Königsallee 17, Düsseldorf 1

Banque de Paris et des Pays-Bas
3 rue d'Antin, Paris 2
Boulevard Emile Jacqmain 162, Bruxelles

Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg
10a Boulevard Royal, Luxembourg

International Pacific Corporation Limited
Royal Exchange Building
56 Pitt Street, Sydney N.S.W. 2000

● NO BID FROM WERELDHAVE

English Property talks founder

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

English Property Corporation's Board met yesterday morning to consider the latest of a series of offers from the Dutch property group, NV Beleggingsmaatschappij Wereldhave. It is understood that the latest offer would have involved the sale of EPC's overseas properties to the Dutch group, which has been backed in the negotiations by the financial resources of one of Holland's top two banks, Algemene Bank *Netherland NV*. The discussions are also believed to have ranged over the possibility of the sale of the British portfolio, and the EPC equity, to the group's largest shareholder, Eagle Star Insurance.

At that meeting, the board, after two months of what it considered to be fruitless negotiations on offers seen as "either insufficient in amount or unsatisfactory in form" decided to call a halt to the discussions. This was, as David Llewellyn, EPC's chief executive said yesterday, a decision that came "possibly to the surprise of the bidders."

Whether Wereldhave, which has been advised by British merchant bankers Morgan Grenfell, was *surprised* is a matter for conjecture. But there is no doubt that the market was seriously disturbed by the latest move in this protracted on-off bid saga, as EPC's shares plummeted 9p to 37p on the news.

Mr. Llewellyn would dismiss the market's reaction as unrealistic. He said yesterday that it was, as far as he was concerned, "business as usual," now that the discussions had been terminated. And he believes that the detailed *studies involved in the review of* the group's £702m property portfolio have served at least to confirm the 89p *fully* diluted net asset value per share shown in the group's 1977 balance sheet—a figure which falls to 65.5p if one takes account of the £33m write-down of properties advised by the group's auditors to cover a fall in value of EPC's properties in Brussels.

Mr. Llewellyn also dismisses any suggestion that there has been a *rift* between him, the rest of *his* board, and Eagle Star. As Eagle holds 27.3 per cent of EPC's ordinary shares, 27.2 per cent of the group's 12 per cent convertible loan stock, and 90 per cent of its cumulative shares, any such rift would clearly create long-term problems. Talk by Eagle Star executives before the bid about their "disappointment" with the shares' performance and the possibility of management changes in companies in which they hold investments, and in which they are disappointed about the shares' performance, have helped to stimulate sufficient questions about the continuing direction of EPC to unnerve the market.

But both EPC and Eagle Star have now closed ranks on this point. Mr. Llewellyn talks of a "campaign of innaccurate information" spread during the negotiations. But he declines to say who has been disseminating this misleading information. Eagle Star's EPC board member Mr. A. Davies, said yesterday that, "one cannot blame a company's management for the failure of a bid approach," and that it "could be that the market rather than the management has got it wrong," when looking at EPC's performance.

That performance, which might so neatly have disappeared from sight under a clear cut takeover bid, has now been forced back into view by the failure of the talks. If Mr. Llewellyn is correct the last balance sheet "underestimates" the group's worth. But that balance sheet did refocus attention on the group's undeniable residual problems.

EPC's balance sheet confuses investors by the sheer scale and *complexity of its holdings.* A £702m property portfolio held in the books mainly at October 1977 valuation and at cost stands against total debts of £537m, £148m of which is repayable within five years. The revenue *account is less complex, but, from* a shareholder's point of view, more depressing. In 1977 the group reported a £9.3m pre-tax profit. But that figure excluded a £20.4m transfer of interest on development properties, leaving a net deficit of *£11.1m.* External estimates of the current year's performance, taking account of development expenditure and discounting capitalised charges, suggests a £15m further diminution in shareholders funds.

An aggressive disposals programme, and a continued revival of investment interest in the property market could make historic views of EPC's performance look excessively cautious. Mr. Llewellyn believes that this will be the case. *The market clearly* has its doubts.

STERLING INDUSTRIES LIMITED

RESULTS FOR THE YEAR ENDED 31st MARCH 1978

	1978 £	1977 £
Turnover	4,875,000	4,178,000
Group Trading Profit after taxation	448,000	292,000
Crewkerne Investments Ltd., Proportion of that Company's net profit attributable to the Company	114,000	111,000
Extraordinary Items—net debit	(27,000)	—
Preference Dividends	19,600	19,600
Ordinary Dividends totalling 1.2831p per share (1977: 1.15p per share)	256,620	230,000
Earnings per Ordinary Share	2.710p	1.917p

The Annual General Meeting was held on 25th July. The Chairman's Statement circulated with the Report and Accounts may be summarised as follows:—

- Record of trading profitability over last 16 years has been one of improvement, particularly over last 5 years.
- Policy of extending range of products manufactured and sold by Group with satisfactory added value content has been proved to be justified.
- Ordinary dividend increased by permissible 10 per cent.
- It remains to be seen if level of performance in the year to 31st March, 1978 can be maintained in the current year, but there is confidence in the continuing progress and prosperity of Sterling Industries.

CHAIRMAN'S ADDITIONAL REMARKS:

- The results of the first quarter of the current year indicate a similar pattern to that shown in the second half of last year.

HOWARD MACHINERY LTD.

GROUP RESULTS FOR THE HALF-YEAR ENDED 30TH APRIL, 1978.

(Unaudited)	6 months April 1978 £'000	6 months April 1977 £'000
SALES	34,670	33,297
OPERATING PROFIT	269	275
SHARE OF PROFITS AND (LOSSES) OF ASSOCIATED COMPANIES	(118)	(114)
PROFIT BEFORE TAX	151	161
Minority interests before tax	(55)	(84)
PROFIT BEFORE TAX ATTRIBUTABLE TO MEMBERS OF HOWARD MACHINERY LTD.	96	77

Dividends on ordinary shares in respect of the years to:

	Date of Payment	Amount per share (net)	Cost (net) £'000
31st October 1977 Interim	3 Nov. 1977	1.045p	301
Final	1 April 1978	1.188p	341
31st October 1978 Interim	2 Nov. 1978	0.550p	158

NOTES

1. To meet a marked world wide recession in the agricultural machinery market, the company is reducing its manufacturing facilities in the U.K. and overseas. Although confident in the *long term outlook*, the Board considers it advisable to conserve funds for the time when the market recovers. The interim dividend will therefore be reduced to 0.550p net per share. This will be paid to shareholders on the register at 29th September, 1978. Including the associated tax credit at 33% it will absorb £236,000 (1977—£456,000).
2. Since 31st October, 1977, a third party investment has reduced the shareholding in the Brazilian company to 45.6% and it has ceased to be a subsidiary. This proportion of its results is now consolidated as an associated company. The comparative figures have been adjusted accordingly.
3. No tax charge is shown as this would be misleading because certain subsidiaries make tax losses in the first half-year due to the seasonal nature of their business.

For further information:—

HOWARD

Sproughton, Ipswich, Suffolk IP8 3AE
Telephone: Ipswich (0473) 48621

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Japanese payments give Lockheed earnings a lift

BY JOHN WYLES — NEW YORK, July 25.

[L]OCKHEED Aircraft Corporation [to]day reported substantially bet[te]r than expected second quarter [ea]rnings, thanks to licensing [pa]yments from Japan.

Kawasaki Heavy Industries has [be]en licensed to manufacture [L]ockheed's P3 design of anti-[su]bmarine aircraft and initial [pa]yments on the agreement [pro]pelled the U.S. company's net [ea]rnings to $19.9m or $1.31 a [sh]are compared to last year's [se]cond quarter total of $13.4m or [..] cents a share. Lockheed would [no]t disclose today how much had [be]en received from Kawasaki but [o]n the basis of the 72 cents a [sh]are originally expected this [qu]arter by analysts, the boost to [ea]rnings could have been around [..]0m.

Lockheed is still struggling to overcome the effects of a strike which halted production for nearly all of the last three months of last year, and a truer picture of its convalescence comes from the half year net earnings of $23.1m or $1.47 a share compared with $25.5m or $1.72 in the first half of 1977. Sales this year were $1.6bn compared with $1.67bn.

In addition to the lingering effects of the strike, which were referred to by chairman and chief executive Mr. Roy A. Anderson, in a statement today, Lockheed's earnings have also been affected by falling sales of its C 130 transport plane which has been produced at a lower rate in the second quarter than it was in the same period last year. Moreover, the company is phasing out production of its S 3A carrier based anti-submarine aircraft which is being superseded by the P3.

Completion of the S3 and falling production of the TriStar civil aircraft this year is expected to mean lower sales and earnings at Lockheed this year and next. However a $500m order for 12 of these aircraft from Pan American Airways has improved the prospects for the design whose production may reach break even point in 1980. Mr. Anderson said today that the TriStar programme had lost $26.2m in the second quarter and $55.9m in the first half of the year.

Textron forecasts record year

BY OUR FINANCIAL STAFF

[W]ITH PROFITS up by a fifth [in] the second quarter and by [ne]arly a third over the first half, [Te]xtron feels confident of [ac]hieving "a record year in sales [an]d earnings in 1978."

The diversified group for[m]erly headed by Mr. William [M]iller, now chairman of the U.S. [Fe]deral Reserve Board, [an]nounced second-quarter earn[in]gs of $41.2m, up by 20 per [ce]nt from the $34.3m recorded [in] the same period of last year. On a per share basis, Textron earned $1.10 compared with 91 cents, while sales totalled $801.5m against $723.8m.

Textron said it managed to boost sales in all four of its manufacturing groups, the largest advance coming from metal products.

In three of its areas of activity—aerospace, consumer and metal products—earnings showed an increase. Results of the industrial division decreased, however, as did those on the creative capital side.

"But with strength continuing in several sectors of the economy, Textron should have a record year in sales and earnings in 1978," the company said.

At the halfway stage, Textron's net profits were running 30 per cent ahead at $81m compared with $62.3m a year ago on sales of $1.53bn against $1.4bn. Earnings per share emerged at $2.16 after $1.66.

Last year, the group reported net earnings of $3.65 per share on sales of $2.8bn.

Colonial Stores launches bid defence

By Our Own Correspondent — New York, July 25.

COLONIAL STORES, the Atlanta-based grocery chain, has launched a possible delaying action against a $115m takeover bid by Grand Union, part of Sir James Goldsmith's Cavenham empire.

Colonial has already rejected the $30 a share bid and has filed lawsuits accusing Grand Union of breaching various securities laws. This is standard defence against an unwelcome takeover. But today Colonial set about exploiting the potential for delay in the laws of Georgia and Virginia. Georgia, where Colonial is based, and Virginia, where it is incorporated, will be required to register Grand Union's bid but Colonial has asked for hearings before the regulators of both states.

Grand Union filed its offer with both states on July 14 and hearings must take place within 20 days of the filing in Georgia and 40 days in Virginia. It is not clear how soon after the hearings both states would deliver their verdicts, but they may well delay any further purchase of Colonial shares by Grand Union. The supermarket chain could not in any case obtain any more shares than the 100 it owns before August 29 under Federal Trade Commission guidelines which impose a 60-day pause after notification.

A combination of Grand Union and Colonial Stores would create the eighth largest supermarket chain in the U.S.

Overseas strength boosts Xerox in second quarter

BY DAVID LASCELLES — NEW YORK, July 25.

AS A RESULT of "outstanding growth" by its operating companies outside the U.S. as a major factor, Xerox Corporation to-day announced net income for the second quarter of this year of $127.7m, equivalent to $1.59 a share, for an increase of 12 per cent. on last year's $113.8m or $1.42 a share. Total operating revenues in the quarter were $1.47bn up 16 per cent.

At the half-year stage, net earnings totalled $233.3m or $2.90 a share, compared with $205.4m or $2.56 a share in the corresponding period of 1977. Half-year revenue amounted to $2.83bn against $2.47bn previously.

According to a statement by Mr. Peter McColough, the chairman, and Mr. David Kearns, the president, second quarter growth in net income failed to keep pace with that of pre-tax profits because profits generated by operating companies outside the U.S. showed outstanding growth and "our partners in these foreign operations received a larger portion of after-tax profits."

Xerox said its pre-tax profit margin in the second quarter was 20 per cent, the same as in the 1977 period.

Revenues from worldwide rental and servicing were up 6 per cent. on the same period last year, while revenues from sales of copiers and duplicators, supplies and a variety of other products were up 45 per cent, reflecting the company's shift from leasing to selling equipment outright.

The comparative figures for 1977 have been restated to include results of Shugart Associates acquired last year and to reflect the effect of Statement 13 of the Financial Accounting Standards Board relating to capitalisation of certain leases in existence prior to 1977.

Return to profit at Asarco

BY OUR FINANCIAL STAFF

The major U.S. base metals group Asarco returned to profit in the second quarter of the current fiscal year, after a loss of $29.5m for 1977 as a whole and a further loss of $11.1m for the first quarter of 1978. The company had net income for the second quarter of $2.22m or 11 cents a share compared with $14.89 or 56 cents a share for the corresponding period last year.

Asarco attributed its return to profitability primarily to a small improvement in copper prices and to a resumption of more normal operations at its coal mines and at the recycling plant of the subsidiary Federated Metals. The final quarter of 1977 and the first quarter of this year were seriously hit by long strikes at these facilities.

Second quarter earnings also benefited from better demand for lead and a firm silver market, and the continuation of good earnings performance at the group's asbestos operations in Quebec. Additionally, the sale to Bendix of 3.8m new common shares at $23 a share allowed Asarco to reduce borrowings by $87.4m.

Mr. Charles F. Barber, chairman of Asarco, said that there have been indications recently of some strengthening in demand for copper and zinc, and a reduction in the supply of these two metals entering world markets. The visible trends are encouraging, he added.

Asarco's sales revenues in the second quarter rose from $256.1m to $280.8m. The net loss for the first half was $8.91m or 31 cents a share compared with net income of $22.9m and earnings of 86 cents a share. Six months sales were $523.6m compared with $563.9m.

The group said the substantially lower prices which have prevailed this year for copper and zinc meant that while the physical sales volumes of these metals was higher, the prices received averaged over 6 cents a pound lower than last year.

The lower prices, together with increased costs resulting from the impact of government regulations and inflation, made the mining, smelting and refining of zinc and coper unremunerative, Asarco said.

EUROBONDS

Move on S. African borrowing

By Francis Ghilès

THE West German Central Capital Market Sub-committee is reliably understood to have agreed that all private placements and bonds for South African borrowers of more than DM 20m should be agreed in advance and included in the monthly calendar of new issues, even when they are for two-or three-year operations.

Until now, these operations, on account of their short maturity (rarely more than three years when average maturities for other borrowers have been between five and 10 years) have not been included in the calendar. Two reasons behind the new move are: first, the amounts of bonds and private placements for South African borrowers have increased lately, sometimes reaching DM 50m; second, the recent weakness of the market appears to have convinced bankers that all operations of more than DM 20m, be they for shorter maturities, should be referred to the Sub-committee to ensure a more steady-market.

In the Deutsche Mark sector prices were unchanged compared with Monday The DM 75m private placement for Oesterreichische Kontrollbank which has been arranged by Bayerische Vereinsbank carries a six-year maturity and a coupon of 5¾ per cent. It was priced at 99½.

Eurodollar bond prices were virtually unchanged in what dealers described as a very technical market yesterday. The market was puzzled by what appeared to be contradictory events: the weakening of the dollar continues yet Federal Funds eased from Monday's level of 7⅞ to yesterday's opening level of 7½.

Setback for Schlitz

By Our Own Correspondent — NEW YORK, July 25.

[JO]S SCHLITZ, the major brewer [wh]ich is passing through a [di]fficult period, losing its market [sh]are and facing charges of [ill]egal payments, has reported [a] decline in both sales and earn[in]gs for the second quarter, com[pa]red to the same period last [ye]ar. Sales dropped 7.6 per cent [to] $324m, and earnings fell [..]00,000 to $10.1m, equivalent to [..] cents a share in both periods.

Underlining the deterioration [in] real terms, Schlitz said its [be]er shipments in the first six [mo]nths of this year were 10.4m [ba]rrels, compared to 11.9m in the [fir]st half of last year. The [br]ewer announced last month [th]at it was laying workers off at [ea]ch of its eight breweries.

Mr. Jack McKeithan, Schlitz's [ch]airman, said that cost reduc[tio]n programmes had helped [off]set lower sales volume and [hig]h marketing costs.

U.S. oil groups ahead

BY OUR OWN CORRESPONDENT — NEW YORK, July 25.

TWO MAJOR U.S. oil companies have boosted earnings as a result of increased production and improved prices.

Atlantic Richfield (Arco) reported net income of $210.9m, equal to $1.73 per share, up 10 per cent on last year, on revenues of $3.13bn, also up 10 per cent. Like Exxon, Arco cited the Alaskan start-up as a major factor behind the increase, where production has now reached 200,000 barrels per day. Demand and prices for petroleum and chemical products also firmed up.

Ashland Oil's income rose to $48.5m, equal to $1.43 a share, from $38.8m, or $1.30 a share, with revenues rising from $1.29bn to $1.39bn. Main reasons for the improvement the company said, included higher demand for petroleum products and a return to normal coal operations after the miners' strike.

In marked contrast to the American groups, Shell Canada reported a drop in second quarter earnings, from C$39.4m, or 38 cents a share, to C$33.1m, or 33 cents, agencies report. Revenue was C$639m, against C$563m.

Firestone tyres recall threat

BY OUR OWN CORRESPONDENT — NEW YORK, July 25.

FIRESTONE Tire and Rubber Company's battle to avert the forced recall of up to 15m of its "500" steel-belted radial tyres may have received a serious setback.

The company has confirmed an Akron, Ohio, newspaper report that tests carried out on the tyre in 1975 indicated that the radial may be liable to deteriorate after a year or two in storage. This may be seized on by the National Highway Traffic Safety Administration as supporting its case for a recall of all the tyres in use.

[B]RIEFLY

[U].S. Tobacco registers first-half advance

NEW YORK, July 25.

[FIR]ST earnings of the tobacco [an]d pet foods concern U.S. [To]bacco Company for the first [six] months of the current fiscal [ye]ar advanced from $1.35 a [sh]are to $1.55, while the air [tra]nsport operator Western Air[lin]es jumped from 30 cents a [sh]are to $2.53 for the same [pe]riod.

Also for the six months period, [syn]thetic resin and chemicals [co]mpany Reichhold Chemicals [ad]vanced from 88 cents to $1.03. [No]rthwest Bancorp had earnings [of] $1.74 against $1.40, and [No]rfolk and Western Railway [mo]ved up from $1.78 to $1.79.

Further advances for the first [hal]f were reported by the in[su]rance concern Safeco Corpora[tio]n, up from $3.60 to $4.51, the [fa]brics, plastics and paper com[pa]ny Albany International, [up] from $1.54 to $1.78, glass con[ta]iners manufacturer Brockway [Gl]ass, up from $2.23 to $2.77, in[su]rance broker, Corroon and [Bl]ack, ahead from 93 cents to $1.34, and shoe company Melville Corporation, with a rise from 84 cents to 99 cents.

Also reporting advances in earnings for the first six months were railway operator Missouri Pacific Corporation, up from $3.88 to $4.29, pharmaceuticals concern Schering-Plough, up from $1.63 to $1.94, Rowan Companies, currently the subject of a bid approach from Chicago Bridge and Iron, up from 58 cents to 74 cents, Burndy Corporation, electrical connectors manufacturer, ahead from $1.02 to $1.20, Chromalloy American Corporation, with a rise from $1.33 to $1.56, drugs retailer Skaggs Companies, up from 96 cents to $1.20, and Vulcan Materials, the construction materials, metals and chemicals company, up from $1.37 to $1.83.

Declines in earnings at the six months level were reported by glass and plastics manufacturer Libby-Owens Ford, down from $2.69 to $2.08, utility Detroit Edison, down from 98 cents to 80 cents, Inspiration Consolidated Copper, down from a profit of 85 cents to a loss of 93 cents, fabrics maker Cone Mills Corporation, down from $3.35 to $3.20, nuclear components company Curtiss-Wright, down from $1.08 to 90 cents, and the utility Public Service of Indiana, with a fall from $1.76 to $1.41.

For the second quarter, the building and chemicals company GAF Corporation moved ahead from 49 cents to 60 cents, while the medical and surgical supplies organisation Becton Dickinson advanced from $1.82 to $2.05, and the utility Florida Power and Light moved ahead from 24 cents to 57 cents.

Declines at the second quarter level were reported by two utilities, Philadelphia Electric, down from 42 cents to 25 cents, and Pacific Gas and Electric Company, which slipped from 76 cents to 70 cents.

Agencies

[U].S. QUARTERLIES

[A]CF INDUSTRIES

Second Quarter	1978 $	1977 $
Revenue	219.23m	181.55m
Net profits	10.29m	9.96m
Net per share	1.18	1.14
Six Months		
Revenue	398.32m	356.89m
Net profits	17.74m	17.99m
Net per share	2.03	2.07

[B]ORDEN

Second Quarter	1978 $	1977 $
Revenue	1.02bn	915.0m
Net profits	40.3m.	38.0m
Net per share	1.29	1.22
Six Months		
Revenue	1.86bn	1.74bn
Net profits	67.9m	64.4m
Net per share	2.18	2.07

[C]ON. ED. of NY

Second Quarter	1978 $	1977 $
Revenue	688.0m	652.2m
Net profits	40.7m	49.8m
Net per share	0.65	0.81
Six Months		
Revenue	1.5bn	1.47bn
Net profits	127.7m	134.0m
Net per share	2.06	2.18

[E]ASTERN AIRLINES

Second Quarter	1978 $	1977 $
Revenue	599.9m	498.8m
Net profits	24.2m	1.63m
Net per share	1.15	0.08
Six Months		
Revenue	1.18bn	1.02bn
Net profits	43.7m	18.5m
Net per share	2.06	0.93

[F]MC INDUSTRIES

Second Quarter	1978 $	1977 $
Revenue	564.9m	492.9m
Net profits	29.2m	24.1m
Net per share	1.62	1.38
Six Months		
Revenue	1.1bn	928.8m
Net profits	39.3m	38.6m
Net per share	2.03	2.15

MERCK & CO

Second Quarter	1978 $	1977 $
Revenue	499.9m	436.4m
Net profits	83.2m	77.8m
Net per share	1.10	0.78
Six Months		
Revenue	955.8m	851.6m
Net profits	157.2m	145.3m
Net per share	2.08	1.92

PEPSICO

Second Quarter	1978 $	1977 $
Revenue	969.7m	832.1m
Net profits	57.31m	49.26m
Net per share	0.65	0.56
Six Months		
Revenue	1.8bn	1.51bn
Net profits	98.64m	80.65m
Net per share	1.07	0.92

PHILLIPS PETROLEUM

Second Quarter	1978 $	1977 $
Revenue	1.73bn	1.58bn
Net profits	138.4m	125.0m
Net per share	0.90	0.82
Six Months		
Revenue	3.47bn	3.17bn
Net profits	303.3m	246.6m
Net per share	1.97	1.61

REVLON

Second Quarter	1978 $	1977 $
Revenue	348.8m	264.0m
Net profits	33.5m	25.3m
Net per share	1.05	0.83
Six Months		
Revenue	655.5m	505.5m
Net profits	60.9m	46.7m
Net per share	1.93	1.53

SHEARSON HAYDEN

Fourth Quarter	1978 $	1977 $
Revenue	73.8m	50.2m
Net profits	6.4m	1.9m
Net per share	1.19	0.44
Year		
Revenue	221.2m	189.6m
Net profits	10.0m	9.9m
Net per share	1.98	2.25

SOUTHLAND CORPORATION

Second Quarter	1978 $	1977 $
Revenue	777.3m	648.1m
Net profits	18.48m	15.14m
Net per share	0.94	0.75
Six Months		
Revenue	1.43bn	1.18bn
Net profits	25.83m	21.33m
Net per share	1.32	1.10

SQUIBB CORP

Second Quarter	1978 $	1977 $
Revenue	359.5m	322.5m
Net profits	26.21m	25.16m
Net per share	0.58	0.56
Six Months		
Revenue	686.23m	616.29m
Net profits	45.43m	44.94m
Net per share	1.01	1.00

TONKA CORPORATION

Second Quarter	1978 $	1977 $
Revenue	25.29m	25.99m
Net profits	587,000	823,000
Net per share	0.38	0.53
Six Months		
Revenue	39.36m	39.4m
Net loss	1.05m	194,000

WARNER-LAMBERT

Second Quarter	1978 $	1977 $
Revenue	696.0m	632.4m
Net profits	55.0m	51.0m
Net per share	0.69	0.64
Six Months		
Revenue	1.34bn	1.21bn
Net profits	107.2m	98.5m
Net per share	1.35	1.24

WHITE MOTOR

Second Quarter	1978 $	1977 $
Revenue	262.5m	342.3m
Net profits	3.2m	1.8m
Net per share	0.37	0.19
Six Months		
Revenue	544.0m	664.0m
Net profits	3.4m	2.7m
Net per share	0.36	0.27

An expanding worldwide role for BNP

Argentina
Australia
Bahamas
Bahrain
Belgium
Brazil
Burundi
Cameroon
Canada
Chad
Congo
Costa Rica
Djibouti
Egypt
France
French Guiana
Gabon
Gambia
Germany (Federal Republic of)
Great Britain
Greece
Guadeloupe
Haiti
Hong Kong
India
Indonesia
Iran
Ireland
Italy
Ivory Coast
Japan
Kenya
Korea
Lebanon
Luxembourg
Malaysia
Martinique
Mauritius
Mexico
Monaco
Morocco
Netherlands
New Caledonia
Nicaragua
Nigeria
Norway
Panama
Philippines
Poland
Portugal
Reunion
Rwanda
Senegal
Singapore
Spain
Sweden
Switzerland
Thailand
Togo
Tunisia
USSR
USA
Upper Volta
Venezuela
Yemen
Zaire

Extracts from the 1977 Annual Report of Banque Nationale de Paris and the Statement by the Chairman, M. Pierre Ledoux.

In the midst of difficult conditions the French economy has recorded significant improvements in a number of important fields. Progress has been made towards checking inflation and achieving balance in external trade.

While the situation today is clearer in many respects, fundamental changes are taking place and we must realise clearly that a new world economic order is gradually coming into being.

Newer countries with lower labour costs are extending their market share; these countries will prove increasingly serious competitors, but as their living standards rise they will also provide promising new markets for industrialised countries.

The growth in activity in all sectors is seen from the results for the year and the role played by BNP, both in France and abroad, in helping companies to adapt to new economic conditions and to the demands of increasingly harsh competition, has expanded throughout the year.

Reorganisation in France.

As a result of strict economic and monetary policy, deposits grew less rapidly than in 1976, apart from private customer deposits which increased by 16%.

The total resources of BNP increased from F93.5 billion to F111.5 billion. Foreign currency deposits rose from F1.9 billion to F2.7 billion.

To derive maximum benefit from its size and nation-wide network, BNP decided in 1973 to set up regional management boards. This large-scale reorganisation is now complete. Regional management boards have been set up in Paris, Strasbourg, Bordeaux, Nancy, Toulouse, Lille, Marseilles, Nantes and Lyons.

The first results of the decentralisation confirm expectations: improved contact within each region, rapid decision-making, and better service to customers. Over 95% of company business and all operations for individual customers are now dealt with directly at regional level.

International Expansion

Despite increased competition in the foreign trade sector BNP retained its leading position in the export credit field.

BNP maintained its outward-looking policy with regard to the rest of the world, strengthening its position still further by opening new branches and representative offices in the following centres:
Adelaide (Australia) Amsterdam (Netherlands)
Bangkok (Thailand) Birmingham (U.K.)
Dusseldorf (West Germany) Edmonton (Canada)
Houston & New York (U.S.A.) BNP now has a network extending over 68 countries.

Major Presence in World Capital Markets

During 1977 BNP participated on a selective basis in a considerable number of international syndicated loans. In the eurobond market BNP took part in 274 of the year's 294 international issues. Of these 44 were managed or co-managed with a total volume in excess of $2,500 million. This made BNP the twelfth ranking institution in the world for the management of international bond issues.

Consolidated Results of the BNP Group for 1977

	1977 Million F	1976 Million F	Percentage Increase
Consolidated balance sheet total	255,320	205,682	24
Total customer deposits	131,411	109,684	19.8
Net consolidated profit	406	358	13.4

Banque Nationale de Paris

Head Office, 16, Boulevard des Italiens, Paris 75009, Tel: 244-45-46 Tlx: 280 605—2000 branches in France

U.K. Subsidiary
Banque Nationale de Paris Limited
8-13 King William Street, London EC4P 4HS. Tel: 01-626 5678 Tlx: 883412

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Accelerating loss trend among major Italian companies

BY DOMINICK J. COYLE

ROME, July 25.

A REPRESENTATIVE sample of more than 800 of Italy's top companies turned in collective losses of L2,576bn (around $3bn) last year, according to the latest annual corporate analysis by Mediobanca, released here today. This equals one-third of their total original share capital.

The results of the survey exceed by roughly L1,000bn ($1.2bn) the previous year's cumulative losses.

Gross turnover of the companies surveyed rose by more than L11,000bn in 1977, an increase of slightly more than 17 per cent, but no advance in real terms after allowing for inflation. For the third year running total employment in the companies was lower—by close on 5 per cent between 1975 and 1977.

Stop-go economic policy, the years 1974 and 1976 being relative peaks against the troughs last year and in 1975, has made it difficult for companies to maintain even a modest degree of self-financing. Moreover the prospects for the current year, given the present industrial recession, cannot be good.

According to Mediobanca, this fluctuating trend of a "see-saw" situation for the companies gives inevitably an essential lack of flexibility in corporate operations.

As the end of last year, according to Mediobanca, self-financing resources of Italian companies were a mere one-eighth of increased corporate indebtedness. This pattern has persisted (sometimes with even greater extremes) since 1968, resulting in the present chronic debt ratio of most groups.

The crisis is particularly marked in the chemicals sector, and Sig. Carlo Donat Cattin, the Industry Minister, is scheduled to have talks here tomorrow with the political parties supporting the administration on his salvage plans for the sector.

Subject to all-party agreement tomorrow, the Government is expected to introduce emergency measures by decree law at a Cabinet meeting on Friday, providing, in particular, for emergency funds and probably a new new interim supervisory management for the most troubled components of the sector, including Liquigas and SIR.

Societe Generale forecast

BRUSSELS, July 25.

EARNINGS of Societe Generale de Belgique in 1978 will not be "inferior" to 1977 in which year profits emerged at BFrs 1.18bn.

The major Belgian holding company said its Board, after reviewing the first half of this year, found that dividends due to the company from its portfolio holding which constitute a principal source of revenue were "slightly above" those last year.

Taking this and the probable development of other elements affecting income into account, "the results of the current business year should not be inferior to those of 1977." The company did not state half-year earnings.

Societe Generale de Belgique ranks as Belgium's largest holding group with diversified interests in steel, non-ferrous metals, energy, engineering chemicals, banking, the insurance business, shipping and transport.

AP-DJ

PROFIT SHARING IN HOLLAND

Proposals in need of refinement

BY CHARLES BATCHELOR, IN AMSTERDAM

THE MOST controversial piece of legislation in a country noted for its progressive social policies is the Dutch plan for wider profits sharing. The present centre-right coalition Government is going ahead with a modified version of a plan first put forward in 1975 by the then predominantly left-wing ruling party. It could become law sometime in 1979 and—as things stand—will be retroactive from January 1, 1977.

The proposals are being pushed through parliament against a background of growing criticism—from the unions for being too wishy-washy and not creaming-off enough of industry's surplus profits, and from management for being an excessive burden in terms of both drain on cash-flow and additional administrative paper-work.

The scheme, which is effectively a 24 per cent levy on profits after tax and a long list of allowable deductions is immensely complicated and, seemingly, a fair way from being finalised as far as practical application is concerned. In the circumstances industry's complaints about additional paperwork may well stand up. But at face value, and according to some admittedly "very rough estimates" from the Social Affairs Ministry, the burden on earnings can only be described as modest.

The ministry is presently attempting to produce a more accurate assessment of the likely impact of VAD (which is what the levy is known as) but present figurework suggests that for 1977 it would cost industry slightly less than $100m. This would amount to around $50,000 apiece for the 2,000 companies directly involved.

VAD is to be levied in two parts. An individual levy will go directly to the employees of the company concerned while a collective levy will go into a common trade union pool. But the whole scheme remains a maze of clauses and ceilings, and the collective part of the levy is still only an interim measure meant to last for a trial period of three years.

VAD applies to all companies, including the subsidiaries of *foreign firms*, liable for corporation tax in Holland, provided they make pre-tax profit of more than Fl.100,000 ($45,000). It excludes local authority gas, water and electricity companies, the post office, the Dutch central bank and some other Government banking agencies, and harbour and airport *authorities*. The savings banks are also excluded as are investment companies which are seen simply as half-way houses for funds which are taxed when declared by the investor.

The allowable items are corporation tax, profits made and taxed abroad, and a return on the net assets of the company. This return amounts to the average yield of a package of long-term government bonds plus a 3 per cent "risk premium."

Companies may further offset a sum resulting from the revalution of hidden reserves existing before the introduction of the VAD Bill. These may be deducted over the next 10 years. The aim is to avoid penalising companies for profits made in *previous* years.

Limits are built into the two parts of VAD. No employee will receive more than 3 per cent of taxable income in any year, which would be about Fl.1,500 ($680) at present average levels of pay. The collective part must not exceed 3 *per cent* of a company's fiscal profit. This is meant to protect companies with only small net assets.

Conversely companies with very large assets would not in practice be liable for VAD. This is clearly unsatisfactory to many people since the *financial sector* has been noticeably profitable in recent years. A "redefinition" of assets is being worked on which might lead to these companies coming into the VAD scheme.

The transfer of money from a company either to its workforce or to the collective fund may be made in the form of shares or in cash. The part going to individual employees is frozen for seven years. The collective part will go into a fund managed by a 20-member committee with 12 members nominated by the unions and eight by the government.

The government will also appoint a representative with advisory powers. The VAD fund is to be used to improve pension provisions with the government recommending it should provide funds for early retirement schemes.

Dutch tighten disclosure rules

BY CHARLES BATCHELOR

AMSTERDAM, July 25.

THE Amsterdam Stock Exchange Association is to lay down tougher disclosure standards for quoted companies aimed at speeding up the flow of more detailed information to shareholders and preventing privileged groups gaining early access to important facts.

The exchange also hopes to throw more light on companies or individuals buying up major shareholdings. The exchange listed 249 Dutch and 292 foreign companies at the end of last year.

In future companies must publish the main points contained in their annual report as soon as it has been approved by the supervisory board. The intention is to prevent this information becoming known to a large but still limited group of people before all shareholders have been informed. The proposed dividend payment should in any case be announced as soon as it is decided, the exchange said.

One result of the new regulations is that it will no longer be necessary for companies to produce their annual report within four months of the end of their book year, although the exchange hopes most will continue to do so. They will also put a nend to hasty publication of provisional information which in the past has often had to be amended or even retracted at a later stage.

The exchange also plans to require companies to draw up their accounts in accordance with the standards set by the International Accounting Standards Committee in so far as these are accepted by the Dutch Institute of Registered Accountants (NIVRA).

Swiss set terms for placing

ZURICH, July 25.

THE Swiss National Bank reports that the SwFr 450m loan from the Federal Government will be placed with commercial banks this week and will be over six months at an annual interest rate of 1.5 per cent.

A spokesman for the bank noted that the move, first mentioned as a possibility last week after the bank decided not to renew Sw Fr 345m in sterlisation rescriptions, is intended to ease money market liquidity.

He stressed that it is not a first step "towards establishing a more sophisticated money market" here along the lines of the bank's proposals published earlier this month.

Reuter

BIC moving into pleasure craft sector

By David Curry

PARIS, July 25.

THE FRENCH group Bic, known chiefly for its throwaway ballpoint pens and lighters, is moving further into the fragmented sector of pleasure craft. It is calculated that some 130 companies share an annual turnover of about FFr 650m, and only 20 or so concerns manage to achieve sales above the FFr 5m *a year level*.

Baron Bich recently took control of the largest of them, Dufour, with sales of some FFr 75m a year. After two years of heavy losses, its latest financial year ended in balance.

Now the Baron, whose enthusiasm for boats led him to make an unsuccessful challenge for the Americas Cup some years ago, has acquired 75 per cent of the capital of the plastic boat builders Tabur Marine, whose capital is being stepped up by FFr 5m to FFr 18m. The Baron was already a shareholder in the rubber, electrical, building and property group Tabur.

The new head of Dufour, Mr. Pierre Prieux, is also taking over the running of Tabur Marine, since it is felt that the relatively up-market products of the former are complemented by the more popular range *of* the latter. Tabur sales are of the order of FFr 27m a year.

Dufour is already destined to pass from Baron Bich's personal control to that of his Bic group in the context of the group's diversification.

Tabur Marine has made consistent losses of some FFr 2m a year over the last few years, and M. Prieux is clearly expected to perform the same operation on this company as he did on Dufour.

Elf-Aquitaine

First half 1978 portfolio income of Ste Nationale Elf-Aquitaine ST is FFr 46m reports Reuter from Paris. This is not strictly comparable with the FFr 40m made in the same 1977 period. Parent company crude oil sales were FFr 189m against FFr 218m. The company said group turnover for 1978 should be above last year's consolidated FFr 31.35bn.

Commerzbank progress

BY GUY HAWTIN

FRANKFURT, July 25.

COMMERZBANK, West Germany's third largest commercial bank, has reported an increase in interest earnings during the first half of 1978. This is despite the fact that margins were below the average for the opening six months of last year.

The bank's interim report, published here today, attributed the improvement entirely to volume. A 3 per cent rise in business volume to DM 52.7bn ($25.8bn) from the strong second half figures of 1977 left Commerzbank a full 20 per cent higher than in the corresponding period of last year. Interest earnings, against January-June 1977, only managed a 2.8 per cent rise from DM 511.9m to DM 526.4m.

As a result of the continued high level of liquidity in many industrial sectors, demand for short term credit grew very slowly, said the report. In all it went up by 1.6 per cent. On the other hand, noticeably lively demand for long term credit, both from industry and the public authorities, took total advances to customers up to DM 25.06bn. This is 11.3 per cent above the level at the start of the year and some 24.6 per cent above the DM 20.11bn reported at the end of the first half of 1977.

In all, long term advances to customers—four years or more—stood at 21.6 per cent above the position at the beginning of the current year, rising from DM 10.89bn to DM 13.24bn. Furthermore, at the half way mark this year it was a full 44.5 per cent above the DM 9.16bn total at the same point in 1977.

The bank points out that a strong contribution to the business growth came from the overseas branches and affiliates. Their volume showed an 11.8 per cent expansion rate since the start of the year. With the opening of the bank's Antwerp branch, it now has 11 "strong points" in the European Economic Community.

$415m loan for Mexico

BY FRANCIS GHILES AND JOHN EVANS

MEXICO'S Banco Nacional de Obras is raising $415m; the amount is split between a $215m, 10-year "club deal" syndicated essentially among French banks led by Société Générale, and $200m worth of export credits which are being handled by Banque Nationale de Paris.

Other conditions of the medium-term credit include a split spread over the interbank rate of 1 per cent for the first four years rising to 1¼ per cent with four years' grace. The proceeds of these loans are earmarked for the completion of the *Mexico* underground, which is being built by French companies.

The International Investment Bank (IIB), the Comecon development bank, is expected to come to the market shortly for a loan of around $500m.

The loan, for various Comecon projects, should carry a 10 year maturity at spreads ranging between ⅝ and ¾ per cent over interbank rates.

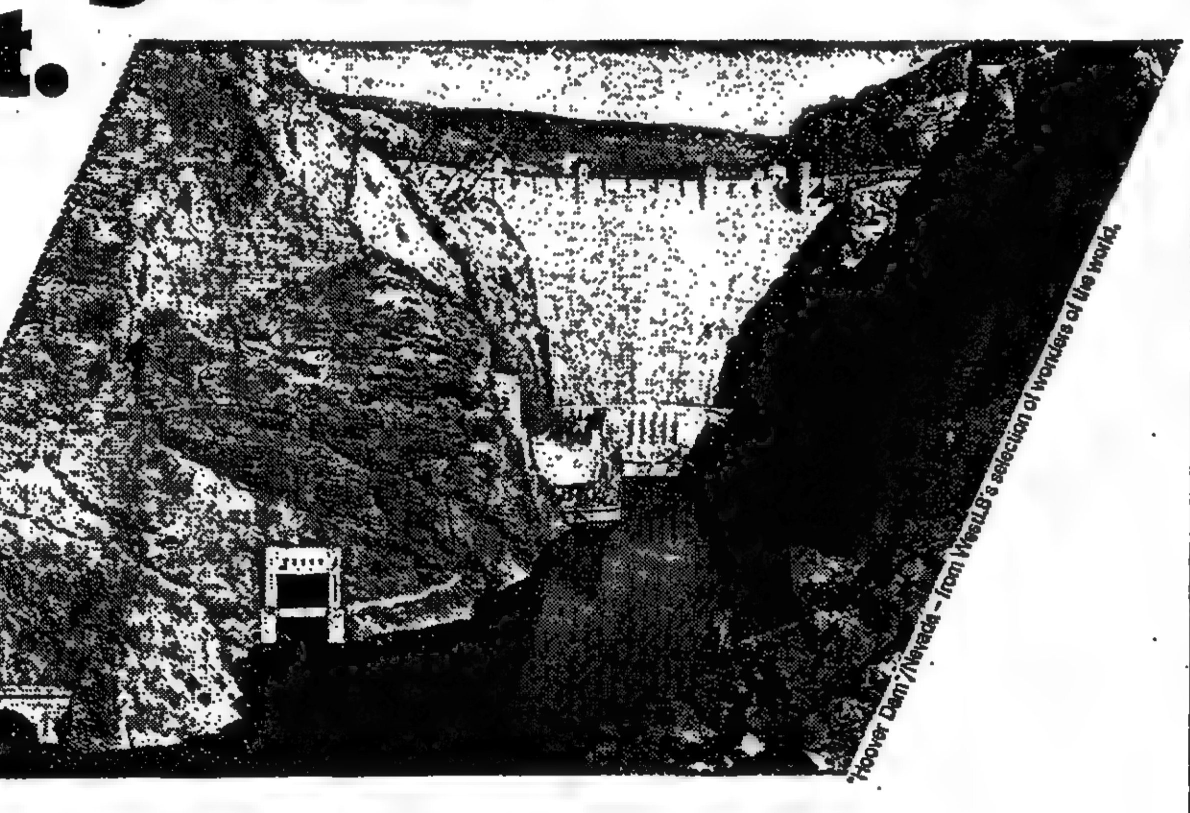
These mark an improvement on the terms IIB got on its last loan, raised last December—$600m for seven years on a spread of 1 per cent. The lead manager of the new loan is expected to be Dresdner Bank.

Two other loans are currently being arranged: $30m for seven years for Investiciona Banka of Titograd. This loan, which carries no state guarantee, is being arranged by BankAmerica International Group. The borrower is paying a spread of 1½ per cent and the grace period is two and a-half years.

Norsea Pipeline, a company operating in the North Sea and controlled by the Phillips Group, is raising £30m through a group of banks led by National Westminster. Terms of this deal are undisclosed.

Just signed is a $75m 10-year loan for Philippines Airlines. The borrower, who has a state guarantee, is paying a spread of 1 per cent throughout. Lead manager is Chase Manhattan Asia.

For syndicated loans and bond issues a wholesale banking leader is a must.



Long-term capital investment, government or state agency-backed jumbo loans, or other *large-scale financing call for a banking leader* with all the credentials and expertise that guarantee a smooth, competitive functioning of any major money raising operation.

- Proven lead and co-management capabilities
- Experienced documentary knowhow
- Complete access to all major capital markets
- Strong placement power
- Secondary market leadership
- Extensive refinancing capacity
- Full international flexibility

These capabilities are Westdeutsche Landesbank's stock-in-trade. During the last full calendar year, it managed and/or co-managed a total volume of US$16.4 billion. The Bank has the necessary capacity and expertise to provide client-oriented credit facilities either on its own or in cooperation with international financing partners.

Fixed interest domestic DM loans for long-term capital investments, Euroloans in DM or *Dollars with appropriate currency options,* international straight bond issues, convertible bonds or bonds with warrants, private placements and equity financing including stock exchange listings – all are financing instruments readily available to WestLB clients.

WestLB, as a state-backed wholesale financing institution is authorized to issue its own securities such as mortgage bonds, and other debentures. It also has substantial deposits from corporate clients and the 180 regional *banks for which it acts as clearing institution.*

With a balance sheet total of more than DM 80 billion, it ranks among the top twenty banks in the world and is among the first three in Germany. WestLB is also a recognized market maker in fixed interest securities.

The Bank's *highly* professional approach to initiate and organize international syndicates, its own vast resources, international flexibility and well balanced sources of funds make WestLB a solid wholesale banking partner for big-ticket finance.

A strong force in wholesale banking **WestLB**

Westdeutsche Landesbank

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BANCO DE MADRID

ANNUAL SHAREHOLDERS' MEETING - 1977 (Held in Madrid, on June 19th, 1978)

1977 Highlights

VALUE ADDED
56,4% increase over previous period.

MARKET SHARE
1,40% of the entire banking system.

FOREIGN BUSINESS
164% increase over last year's volume.

Our Banking Group, as at December 31st 1977

BANCO CATALAN DE DESARROLLO (Spain) — In Millions

Capital plus Reserves	3.829 Pts.
Deposits	28.123 Pts.
Number of Branches	31

BANQUE CATALANE DE DEVELOPPEMENT (France)

Capital plus Reserves	20 Fr.
Deposits	37,6 Fr.
Number of Branches	2

INTERCONTINENTAL BANK (U.S.A.)

Capital plus Reserves	12,2 US$
Deposits	163 US$
Number of Branches	6

BANQUE INTERCOMMERCIALE DE GESTION (Switzerland)

Capital plus Reserves	18,5 Fs.
Number of Branches	1

UBUR-UNION DE BANCOS DEL URUGUAY (Uruguay and Brazil)

Capital plus Reserves	13,5 N.P.
Deposits	186 N.P.
Number of Branches	21

MISCELLANEOUS COMPARATIVE FACTS
(Figures in Millions of Pesetas)

	1977	1976	%
Number of Employees	2.431	2.240	8,53
Number of Shareholders	6.768	6.227	8,69
Total earnings	7.096	4.856	46,13
Net earnings	3.521	2.420	45,50
Earnings b. Taxes	699	323	116,41
Dividends	233	120	94,17
Net earnings/average equity	11	6,93	58,73
Net earnings/total average *resources*	0,72	0,47	53,19

DEVELOPMENTS OF THE LAST FIVE YEARS
(Figures in Millions of Pesetas)

Item	1977	1976	1975	1974	1973
Deposits	63.162	51.746	36.957	27.449	19.771
Equity	6.010	3.272	2.780	2.303	1.538
Discount	43.432	37.414	25.800	18.716	12.386
Loans & Credits	13.973	11.318	7.224	5.235	3.339
Net earnings	3.521	2.420	1.684	1.141	799
N.° of Branches	119	96	90	34	32

Within the Western Hemisphere's economic system, banks tend to grow and strengthen themselves through various means to be able to adequately respond to the contingencies of our times. Our Banking Group, with a partner of Banco Español de Crédito's importance, tradition and soundness, has taken a great step towards its present and future growth potential, domestically as well as internationally.

(Mr. JAIME CASTELL LASTORTRAS - Chairman)

Up-to-date the "Pactos de la Moncloa" (Moncloa Argreements) have accomplished their goals with notable efficiency, specially their endeavour to curtail inflationary pressures and Balance of Payment deficits. However, it seems clear that there is need for a cautious launching of the economy, clarifying once and for all the social and political coordinates in accordance with the *market economies of the Western World.*

(Mr. CLAUDIO BOADA VILALLONGA - Vice-chairman and Chief Executive Officer - Chairman of Prodinsa Holding Co.).

The foreseen results of the Branch Expansion Program implemented during the last years are clearly apparent in the Income Statement of 1977 and in its yield. The 45% increase in total earnings and the almost 700 million Pesetas earnings *before taxes, compared* with the previous year's 323 million, undoubtedly evidence this.

(Mr. FRANCISCO - LUIS GAMON BOLDOBA Managing Director)

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INTL. FINANCIAL AND COMPANY NEWS

G J Coles absorbs K Mart Australia

MELBOURNE, July 25.

G. J. COLES AND CO, the Australian retailer, has agreed in principle with K Mart Corporation, of the U.S., to purchase K Mart's 51 per cent. stake in K Mart (Australia), subject to Australian and U.S. Government and Coles' shareholders' approvals, Coles has announced.

If approved, the purchase will make K Mart (Australia) a wholly owned Coles unit.

Coles will issue 36.15m 50 cent par shares to K Mart Corporation and its Australian unit, K Mart Holdings Pty., at about $1.43 each.

In addition to the K Mart (Australia) stake, Coles will acquire other assets owned by K Mart Holdings and all debts owed by K Mart (Australia) to either K Mart Corporation or K Mart Holdings.

The settlement will also include a total cash payment of $A14m from K Mart Corporation or K Mart Holdings.

The purchase is planned to be effective from July 25, the start of Coles' current trading year, enabling Coles to consolidate K Mart (Australia) results for the year.

Coles said that the shares it will issue to K Mart Corporation, known as "K" ordinaries, will rank for dividend from July, 1978. They will not be listed.

If the deal goes ahead, K Mart Corporation will be entitled to receive 0.25 per cent of K Mart (Australia) sales as an annual fee for the right of Coles to use the K Mart trademark, and will be able to appoint two directors to the Coles' Board.

The K Mart Corporation issue will lift Coles' paid capital to 180.17m shares from 144.01m, giving K Mart Corporation a stake of about 20 per cent.

Coles noted that K Mart (Australia) earned A$8.34m (A$6.81m) after tax in the 52 weeks ended June 24, on sales of A$314.62m (A$235.58m).

Coles received a A$1.57m (A$735,000) dividend from K Mart (Australia), included in the profit earlier reported.

Had Coles equity accounted K Mart (Australia), its after-tax profit would have been A$41.77m (A$34.66m) before minorities.

Coles announced in late June that it was discussing a restructuring of the K Mart (Australia) operation, which has 35 stores throughout Australia.

Coles today reported a 20 per cent rise in 1977-78 profit to A$37.9m (US$43.5m), on a 15.8 per cent rise in turnover to A$1.55bn (US$1.8bn). The A$38.02m (A$31.62m) trading profit included A$2.07m (A$1.38m) income tax relief from the investment allowance, and the A$2.20m (A$2.17m) stock valuation adjustment.

The rate of after-tax profit on sales was 2.13 cents (2.09 cents) in the dollar, based on the profit before the investment allowance and stock adjustment.

Reuter

C G Smith Investments sees fall

BY RICHARD ROLFE

JOHANNESBURG, July 25.

C. G. SMITH INVESTMENTS, one of the kingpins of the Durban-based group which dominates the South African sugar industry, and controls the republic's biggest textile enterprise, Romatex, faces a decline in distributable profits in its current financial year, to March 31, because of expected lower receipts from its sugar investments.

According to the annual report for the past year, sugar accounted for R6.7m out of C. G. Smith Investments' distributable profits of R8.8m the 30.8 per cent stake in C. G. Smith Sugar contributed R3.4m and 67 per cent stake in S and T Investments a further R3.3m. S and T Investments is an unlisted company which holds 50 per cent of Huletts, and is itself controlled by C. G. Smith Investments and Tongaat, the other South African sugar major.

The balance of C. G. Smith's Investment's attributable income was supplied by Romatex, which chipped in R2.2m of dividend income. Romatex is 56 per cent owned by C. G. Smith Investments and is, therefore, consolidated, but local analysts generally strip out the retained portion of Romatex's profits and treat C. G. Smith Investmnets as a dividend-receiving company.

For the current year, it is generally estimated thta C. G. Sugar wil cut its dividend from 75c to 50c, and Huletts from 28c to 24c, but Romatex is expected to achieve a further improvement from 17c to about 20c. The upshot of these changes would be to reduce C. G. Smith Investments' attributable earnings from 27c to 24c. The shares at 200c, therefore, yield a prospective 12 per cent.

Another factor in the greater group's fortunes is the writing-off occasioned by the proposed disposal of the 50 per cent holding by C. G. Smith and Co., the unquoted member of the C. G. Smith group, in Stanger Pulp and Paper, the joint venture with Reed International. Terms for this disposal, which involve Reed acquiring C. G. Smith and Company's holding, should be finalised by mid-August. However, C. G. Smith Investments is insulated from the worst effects of the sale because it has no direct interest. The main impact falls on C. G. Smith and Co., which expects to reduce its dividend from R32 to R29 this year, and on C. G. Smith Sugar, with 42 per cent of C. G. Smith and Co., but the effect of C. G. Smith Sugar's earnings is officially forecast as a reduction of no more than 5c per share.

More aid for yen hit companies

TOKYO, July 25.

THE Japanese trade and industry ministry is considering additional steps to help cushion smaller and medium-sized companies from the impact of the renewed yen appreciation against the dollar.

It is looking into a possible extension of the emergency financing system for smaller and medium-sized enterprises suffering from the yen rise, due to expire at the end of September, the ministry said.

The latest yen rise against the dollar could produce a serious impact on smaller exporting concerns, they added.

The system, enforced from last October, was extended in May for three months until the end of September, with terms of the emergency loans eased.

The officials said emergency loans, with terms of up to five years and an interest of 5.3 per cent per annum, so far supplied, totalled Y165.2bn ($828m).

They also expect the loan supply to reach Y300bn ($1.5bn) by the end of Stepember.

Reuter

Moderate rise in MIDF profits

BY WONG SULONG

KUALA LUMPUR, July 25.

MALAYSIAN Industrial Development Finance Berhad (MIDF), one of the major financial institutions in Malaysia, has reported a moderate 5 per cent rise in after tax profits to 9.7m ringgits for the year ending March.

The parent company's profit fell by 14 per cent to 6.7m ringgits, reflecting the impact of the recessionary years of 1974-75.

However, the company had a good year dealing in securities, handling more than 90 per cent of the 132m ringgits in securities floated during the year. It underwrote only 4m ringgits of securities the previous year.

MIDF, whose lending activities reflect a good deal of the industrial situation in the country, said after three consecutive years of decline, loan approvals for the year rose by 24 per cent in value and 52 per cent in number to 39m ringgits for 199 loans.

However, the size of the loans was smaller than in previous years and there were fewer loans for foreign joint ventures. This is consistent with the trend in Malaysia of national recovery without the anticipated pickup in foreign investments.

MIDF's associate, Malaysian Industrial Estates, which builds and sells factory space, had a good year with profits rising by 43 per cent to 2.6m ringgits.

Another associate, Arab Malaysian Development Bank, also reported strong growth with profits rising from 340,000 ringgits to 1.7m ringgits.

However, profits in the associate, Malaysian International Merchant Bankers Berhad, declined marginally to 2.5m ringgits.

MIDF is capitalised at 80m ringgits with the Malaysian Government holding 41 per cent of its equity, Malaysian financial institutions 26 per cent and the rest held mainly by foreign banks and insurance companies.

* * *

Output of rubber and palm oil at United Malacca Estates is expected to recover from last year's severe drought, and to increase by 12 per cent for both crops for the current year, the chairman, Tun Tan Siew Sin, predicts in his annual report, writes Wong Sulong from Kuala Lumpur.

For rubber, a production of 9.5m lbs is expected while palm oil is projected to rise to 23,400 tonnes.

As for prices, Tun Tan, who is also chairman of Sime Darby Holdings, says that rubber should remain firm, staying above the two ringgit mark, although he is less certain about oil palm as much will depend on the position of other edible oils.

For the year ending April, United Malacca's after-tax profit fell by 31 per cent to 2.66m ringgits (US$1.1m), mainly because of the sharp fall in rubber and palm oil output and higher taxation.

Japanese bond sales

TOKYO, July 25.

FOREIGNERS were net sellers of Japanese bonds in June by $151.9m, the Finance Ministry announced. Net sales of $339m in May marked the first month of net bond sales by foreigners since October 1975, reflecting restrictions imposed by the Government in March.

Foreigners expanded net purchases of Japanese stocks last month, however, to $18.7m, compared with $2.65m in May which had been the first month of net buying since February 1977.

In June, foreigners bought a total of $473.5m bonds, down from $494.83m in May, while selling $625.35m compared with $833.83m. The bond transactions exclude short-term Government bonds.

Foreigners bought $360.08m in Japanese stocks in June compared with only $202.57m in May, while selling $341.41m against $289.93m.

The Finance Ministry also announced that the number of approvals for Japanese bond issues overseas rose to 10 cases in June for a value of $338.13m from six cases totalling $160.65m in May.

AP-DJ

Hong Kong futures markets plan

HONG KONG, July 25.

THE Hong Kong Commodity Exchange hopes to open markets in currency futures and financial instruments by the end of this year, Mr. Peter Scales, the Exchange's chairman, said here.

The Exchange plans to operate the market along the lines of the Chicago International Monetary Market, which deals in sterling, Canadian dollars, Deutsche mark, yen and Swiss franc futures.

The financial instruments in Chicago comprise interest rates, treasury bills and Government mortgages futures, Mr. Scales pointed out.

The currencies to be trade in Hong Kong will be those of Hong Kong's major trading partners.

The moves require a change in the Commodity Trading Ordinance, which now confines commodity futures trading to cotton and sugar.

The exchange will have to show that the currency and financial instruments futures markets are needed before the licence to trade in these futures is granted, Mr. Scales said.

Reuter

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

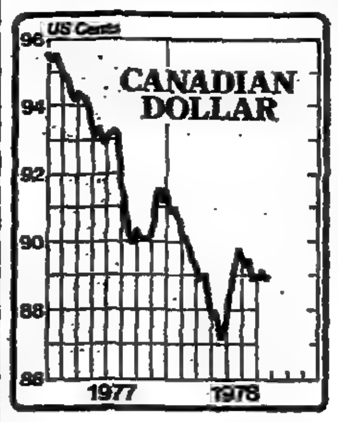
STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	97½	98½
AMEV 8pc 1987	95½	96
Australia 8½pc 1992	92½	93½
Australian M. & S. 9½pc '92	97½	95½
Barclays Bank 8½pc 1992	95	95½
Bowater 9½pc 1992	97½	98
Can. N. Railway 8½pc 1986	94½	95½
Credit National 8½pc 1986	93½	96
Denmark 8½pc 1984	98½	99
ECS 9pc 1993	98½	99
Norpipe 8½pc 1989	95	95½
Norsk Hydro 8½pc 1992	94½	93½
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	97	97½

Currency, Money and Gold Markets

Yen remains very strong

The U.S. dollar improved against most major currencies in the foreign exchange market yesterday, with the notable exception of the Japanese yen. Fears that the U.S. trade figures, to be announced today, will show another very large deficit, particularly with Japan, pushed the dollar to a record low of Y195.50, although it did touch a lower level earlier in Tokyo. It closed only slightly firmer at Y195.55, compared with Y197.85 previously.

Other currencies were nowhere near as firm as the yen however, with the dollar rising to DM 2.0550 against the D-mark, before closing at DM 2.0465, compared with DM 2.0440 previously. A report by the OECD, suggesting slower U.S. growth was enough to ease the dollar from its best levels in late trading.



It touched SwFr 1.7825, against the Swiss franc, before closing at SwFr 1.7775, compared with SwFr 1.7752½ on Monday.

The dollar's trade-weighted depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York, widened to 8.6 per cent from 8.4 per cent, reflecting the weakness against the yen.

Sterling's trade-weighted index, on Bank of England figures, fell to 62.8 from 63.0, after standing at 62.9 at noon, and 63.0 in early trading.

The pound opened at $1.9320-$1.9330, and quickly touched a high point of $1.9345-1.9355. In the afternoon sterling fell back as the dollar improved, easing to $1.9235-1.9365, before closing at $1.9260-1.9270, a fall of 10 points on the day.

TOKYO — Intervention by the Bank of Japan was on a smaller scale than Monday, totalling between $100m and $150m, as the dollar fell to another record low against the yen. The central bank bought an estimated $50m in late trading as the dollar touched Y195.30. It closed at Y195.52½, compared with an opening level of Y197.80, and a previous close of Y199.05. Pressure continued to build up ahead of the U.S. trade figures due today, which are expected to show another large deficit with Japan. Trading was heavy yesterday, at $819m in spot and $907 in forward and swap turnover.

FRANKFURT—The dollar rose above its fixing level of DM 2.0470 in late trading. Near the close it stood at DM 2.0488, compared with a late Monday rate of DM 2.0395. Trading was quite hectic ahead of the U.S. trade figures, with the dollar and the D-mark losing ground against the yen. The Japanese currency rose to DM 1.0463 per 100 yen from DM 1.0305 on Monday. The Bundesbank did not intervene at the fixing, which compared with the previous day's level of DM 2.0376 against the dollar. The Bundesbank trade-weighted index of the D-mark eased to 145.2 from 145.5, up 0.5 per cent from the end of 1977.

PARIS — The dollar finished slightly above the previous day's low levels in nervous, but light trading. At the close the U.S. currency was FFr 4.3985, compared with FFr 4.3890 mid-morning and FFr 4.3945 late Monday. The franc was generally firmer against other European currencies, closing at FFr 8.4695 in terms of the pound, compared with FFr 8.4840 in the morning and FFr 8.5000 at the previous close. The Swiss franc ended at FFr 2.4735, compared with FFr 2.4610 in the morning, and FFr 2.4815 late Monday.

ZURICH — Speculation that the recent rise in fixed deposit interest rates by the big Swiss banks may be short lived provided a brief respite for the dollar. This followed a report that the Swiss National Bank may increase liquidity in the banking system by making available SwFr 450m from Federal money. Trading was slow however, and by mid-morning the dollar had improved to SwFr 1.7770 from around the SwFr 1.77 level at the start.

THE POUND SPOT / FORWARD AGAINST £

July 25	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Kr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nrwgn. Kr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible].

THE DOLLAR SPOT / FORWARD AGAINST $

July 25	Day's spread	Close	One month	p.a.	Three months	p.a.
Canad'n $*	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Port. Esc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nrwgn. Kr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* U.S. cents per Canadian $.

CURRENCY RATES

July 25	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

July 25	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 25	£	$		£ Notes Rate
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Finland Markka	[illegible]	[illegible]	Denmark	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	France	[illegible]
Greece Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Franc	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dollar	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab Riyal	[illegible]	[illegible]	Switzerland	[illegible]
Singapore Dollar	[illegible]	[illegible]	United States	[illegible]
South African Rand	[illegible]	[illegible]	Yugoslavia	[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 25.	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.927	3.945	377.5	8.478	3.426	4.273	1626.	2.165	62.20
U.S. Dollar	0.519	1.	2.048	196.0	4.400	1.779	2.218	843.8	1.124	32.29
Deutsche Mark	0.253	0.488	1.	[illegible]	2.149	0.868	1.083	412.0	0.549	15.77
Japanese Yen 1,000	2.649	[illegible]	10.45	1000.	22.46	9.079	11.32	4306	5.735	164.8
French Franc 10	1.180	2.272	4.653	445.3	10.	4.041	5.040	1917	2.554	73.37
Swiss Franc	0.292	0.562	1.151	110.1	2.475	1.	1.247	474.5	0.632	18.15
Dutch Guilder	0.234	0.451	0.923	[illegible]	1.984	0.802	1.	380.5	0.507	14.56
Italian Lira 1,000	0.615	1.186	2.427	[illegible]	5.215	2.108	2.628	1000.	1.332	38.27
Canadian Dollar	0.462	0.890	1.822	174.4	3.915	1.583	1.973	750.8	1.	28.73
Belgian Franc 100	1.608	3.097	6.343	606.9	13.63	5.510	6.869	2613	3.481	100.

EURO-CURRENCY INTEREST RATES*

July 25	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10-10½	7¼-8¼	7⅞-8⅛	2½-2¾	1¼-1⅜	[illegible]	7¾-8	7-11	—	—
7 days notice	10½-11	7¼-8¼	7⅞-8⅛	4¼-4½	[illegible]	[illegible]	7¾-8	12½-13½	[illegible]	[illegible]
Month	10½-11	7¾-8½	8-8¼	4¾-5	[illegible]	[illegible]	8½-8¾	12-15	[illegible]	[illegible]
Three month	10¾-11½	8⅛-8½	[illegible]	[illegible]	[illegible]	[illegible]	9⅜-9⅝	12½-13½	[illegible]	[illegible]
Six month	11¼-11⅝	8⅝-9	[illegible]	6¼-6½	[illegible]	[illegible]	9⅞-10⅛	13-14	[illegible]	[illegible]
One year	[illegible]	8¾-9¼	[illegible]	[illegible]	[illegible]	4-4¼	10⅛-10⅞	14-15	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.15 per cent; three months 8.35-8.45 per cent; six months 8.80-8.90 per cent; one year 9.00-9.10 per cent.

Long-term Eurodollar deposits: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years 9¾-9⅞ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Holland lifts discount rate

The Netherlands Bank's discount rate has been raised to 4½ per cent from 4 per cent today. At the same time the Lombard rate, previously at 5 per cent, has been increased to 5½ per cent. In the interbank market, call money fell sharply to 1-1½ per cent from 3½-4½ per cent while longer term rates showed little change. In recent months the Dutch guilder has shown a weaker tendency against the stronger members of the European "snake" but the currency that has shown the greatest strain is the Belgian franc. In Brussels yesterday, the rate on four-month bond fund papers was left unchanged at 6½ per cent. At the same time rates on one-, two- and three-month Treasury certificates remained at 5½ per cent, 5¾ per cent and 6 per cent respectively.

The franc has been seen around its lowest permitted level just recently but with rates unchanged and a slightly better performance on Tuesday by the franc, there is now a stronger conviction in the market that the Lombard and discount rates will be left unchanged at 5½ per cent at today's weekly Central Bank Board meeting.

It now seems likely that U.S. authorities will try and maintain a target rate for Federal funds of 7¾ per cent from the previous 7½ per cent. Recent speculation has indicated a tightening of the Fed's credit policy and since in the past, they have moved the rate in ¼ point intervals, this latest move is seen as something of a compromise. Consequently conditions have become slightly more relaxed and Monday's easier trend in Treasury bill rates was continued in part yesterday with 13-week bills at 6.93 per cent from 6.99 per cent previously and 26-week bills barely changed at 7.44 per cent from 7.43 per cent. One-year bills were easier at 7.82 per cent compared with 7.84 per cent. Federal funds were quoted at 7$\frac{13}{16}$ per cent slightly down from 7⅞ per cent on Monday.

One month certificates of deposit fell to 7.85 per cent from 7.88 per cent with two-month easing to 7.95 per cent against 7.99 per cent and the three-month to 8.17 per cent from 8.21 per cent.

FRANKFURT—Interbank money market rates were unchanged from 3.5 per cent for call money through to 4.10 per cent for six-month.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were slightly firmer at one-month at 5½-5¾ per cent from 5$\frac{7}{16}$-5$\frac{11}{16}$ per cent while the three-month rate rose from 6$\frac{1}{16}$-6$\frac{5}{16}$ per cent to 6⅛-6⅜ per cent. However six-month deposits were steady at 6½-6¾ per cent and the one year rate was unchanged at 7¼-7½ per cent.

PARIS—Day-to-day money was slightly easier at 7½ per cent from 7¾ per cent. One-month funds were also down at 7⅜-7½ per cent against 7$\frac{7}{16}$-7$\frac{9}{16}$ per cent previously while the three-month rate was steady at 7$\frac{11}{16}$-7⅞ per cent. Six-month money was again unchanged at 8⅛ per cent and 12-month rose to 8⅜ per cent.

HONG KONG—Conditions in the money market were again tight with call money at 5½ per cent and overnight money dealt at 5½ per cent.

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit was again in short supply in the London money market and the authorities intervened by buying a moderate amount of Treasury bills and a small number of eligible bank bills. The total assistance was termed as large and part of the package is for resale to the market at a fixed future date.

The market was helped by banks bringing forward balances well above target. On the other hand there was a slight net take-up of Treasury bills and the settlement of gilt sales. There was also a moderate increase in the note circulation and a substantial excess of revenue transfers to the Exchequer over Government disbursements.

Total assistance was probably overdone and discount houses were paying 9-9½ per cent for secured call loans at the close. In the interbank market, overnight loans opened at 11⅜-11½ per cent and rose to 11¾-12 per cent on the forecast of a shortage. However, rates soon eased to 10¼-10½ per cent and during the afternoon there was a see-saw movement between 10¼ per cent and 11¼ per cent before closing balances were taken at 9-10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 25 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	9-12	—	—	—	10½-11	9-10	—	—	—
2 days notice	—	—	10-11⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10½-11	—	—	—	—
7 days notice	—	11-11¼	11-11¼	—	11⅛-11⅜	—	9⅞-10	—	—	—
One month	10$\frac{5}{16}$-10$\frac{7}{16}$	10⅛-10¼	11-11¼	11-10⅞	11-11¼	11¼	9¾	[illegible]	10-10⅛	10⅝
Two months	[illegible]	[illegible]	—	10⅛-9¾	10¾-11	—	9⅞-9⅝	[illegible]	9⅞-10	10⅛
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authority and finance houses seven days' notice, others seven days fixed. [illegible] Finance House Base Rates (published by the Finance Houses Association) [illegible]. Clearing Bank Deposit Rates [illegible]. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount [illegible].

GOLD

Easier trend

Gold closed at $194-194½, a fall of $¾ on the day. The metal opened at $194½-195½, and then declined as the dollar gained ground in Europe. From the morning fix of $194.05, gold fell to $193.30 in the afternoon, and touched a low point of $192¾-193½, before picking up as the dollar eased in late trading.

In Paris the 12½ kilo gold bar was fixed at FFr27,450 per kilo ($194.04 per ounce) in the afternoon, compared with FFr27,850 ($197.14) in the morning, and FFr27,800 ($196.85) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM12,715 per kilo ($193.36 per ounce), compared with DM12,860 ($196.31) previously.

	July 25	July 24
Gold Bullion (a fine ounce)		
Close	$194-194½	$194¾-195¼
Opening	$194½-195½	$195¼-196
Morning fixing	$194.05 (£100.628)	$195.60 (£101.168)
Afternoon fixing	$193.30 (£100.396)	$195.20 (£100.749)
Gold Coins domestically		
Krugerrand	$205-208 [illegible]	$204½-206½ (£106-107)
New Sovereigns	[illegible]	$58-60 (£30-31)
Old Sovereigns	[illegible]	$57-59 [illegible]
Gold Coins internationally		
Krugerrand	$200-202 [illegible]	$201-203 (£104¼-105¼)
New Sovereigns	[illegible]	$56-58 [illegible]
Old Sovereigns	[illegible]	$57-59 [illegible]
$20 Eagles	[illegible]	$280-282
$10 Eagles	$140½-145½	$141-146
$5 Eagles	[illegible]	$101-106

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	7.8125
Treasury Bills (13-week)	6.93
Treasury Bills (26-week)	7.44

GERMANY

Discount Rate	3
Overnight	3.5
One month	3.65
Three months	3.75
Six months	4.10

FRANCE

Discount Rate	9.5
Overnight	7.5
One month	7.4375
Three months	7.59375
Six months	8.125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.875

This announcement appears as a matter of record only.

$20,000,000

Term Loan

Delta Sugar Company S.A.E.

Arab Republic of Egypt

provided by

International Finance Corporation

Citibank, N.A.—Cairo Branch

Arab African International Bank—Cairo

Arab Bank Limited—Cairo

Société Arabe Internationale de Banque—S.A.I.B.

Union de Banques Arabes et Françaises—U.B.A.F.

This loan was arranged by International Finance Corporation through the sale of participations.

July, 1978

WORLD STOCK MARKETS

Mixed changes on Wall St. at mid-session

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—99½% (103%)
Effective $1.9265—47⅞% (50¼%)

AFTER STARTING on a firmer note, Wall Street stocks tended to ease back to leave a mixed picture at mid-session after a reasonable business.

The Dow Jones Industrial Average, after improving to 833.51 at the 10.30 am calculation, slipped to 830.04 at 1 pm for a net loss of 1.56. The NYSE All Common

Closing prices and market reports were not available for this edition.

Index was 3 cents off at $54.83, after hardening to $54.94, although gains still held a slight lead over losses at mid-session. Turnover increased to 16.84m shares from Monday's 1 pm level of 13.52m.

Analysts said the initial gain was mainly a carry-over of Monday's late recovery movement which kept the net market loss to a minimum.

Newton Zinder, of E. F. Hutton, said the market had ample reason to drop sharply on Monday, and the fact that it finished on an uptrend, although still in the minus column, encouraged investors yesterday morning.

However, analysts said worries about rising interest rates, the health of the economy and inflation continue to cause investor caution.

Airline issues dominated investor attention. Eastern Airlines, the most active issue, added ⅛ at $14⅛ on higher second-quarter net profits.

American Airlines, in second place, gained ⅛ to $14⅜, Braniff ⅛ to $15, Pan American ⅛ to $7⅞ and TWA ⅛ to $24, all in active trading. Delta picked up ¼ to $50⅜.

Rowan lost 2¼ to $21⅛—Chicago Bridge and Iron has withdrawn its offer to buy Rowan shares at $24.50 each.

Consolidated Edison slipped ⅛ to $23⅞ on reporting lower second-quarter earnings.

Phillips Petroleum shed ⅛ to $31⅞ despite higher second-quarter earnings. Other oil issues showed fractional changes.

A number of drug stocks were stronger. Smithkline rose 1⅞ to $90⅛. Warner Lambert ⅜ to $29⅞, Eli Lilly ⅛ to $48⅞ and Schering-Plough ⅛ to $34⅞, but Sterling Drug, which reported higher second quarter net profits, eased ⅜ to $17⅞.

THE AMERICAN S.E. Market Value Index, after reaching 152.08, was still 0.23 up at 151.89 at 1 p.m. Volume 2.06m shares (1.90m).

McCulloch Oil, the volume leader, added ⅛ to $5⅛, but Amdahl, which announced a $100m credit pact, eased ⅛ to $38⅜.

Tokyo

Market started on a firmer note, but with the dollar falling to a new record low against the yen in Tokyo, share prices subsequently turned downwards again, led by export-orientated issues. The Nikkei-Dow Jones Average closed 15.36 lower at 5,582.45. Volume was a moderate 230m shares, but up from Monday's total of 180m.

Sony fell Y50 to Y1,610, Toyota Motor Y11 to Y887 and Pioneer Electronic Y30 to Y1,720, while Fuji Photo Film receded Y9 to Y521.

Nippon Telecommunication Construction retreated Y90 to Y3,410, Kokuyo Y60 to Y1,360, Securities Patrol Y60 to Y2,210, Matsushita Communication Industrial Y50 to Y1,370, Victor of Japan, Y40 to Y1,300 and Kanto Denki Joji Y34 to Y765.

Public Works issues and Oils, however, were higher, with Oil companies expected to make further foreign exchange gains. Pharmaceuticals also recorded improvements against the trend.

Hisamitsu Pharmaceutical added Y103 at Y1,090, SS Pharmaceutical Y90 at Y712, Nippon Chemiphar Y80 at Y1,230, Kaken Chemical Y70 at Y1,980, Yoshitomi Pharmaceutical Y54 at Y590, Tokyo Tanabe Y44 at Y545, K. Hattori Y40 at Y1,330, Meito Sangyo Y35 at Y810 and Riken Vinyl Y35 at Y430.

Germany

After Monday's technical reaction, stock prices resumed their advance across a broad front, spurred on by strong demand from both domestic and foreign investors. The Commerzbank index rose 6.5 to 813.0.

Among Motors, Volkswagen moved ahead DM 5.70 and BMW DM 5.50. Bayerische Vereinsbank put on DM 3.50, while in Stores, Kaufhof advanced DM 2.20. Demag were DM 2.50 firmer in Engineerings. Chemicals and Electricals registered smaller gains rarely exceeding DM 1, although BASF climbed DM 1.80.

The Domestic Bond market showed signs of fresh weakness after the recent steadier performance, Public Authority issues recording losses ranging to 25 pfennigs. The Regulating Authorities renewed their purchases, buying around DM 18m nominal of paper after selling DM 23m the previous day. Mark Foreign Loans, however, remained steady.

Paris

Bourse prices closed mixed in reduced volume in what brokers described as a session of consolidation following the continuous upward movement of the market in the last two weeks.

They remarked that the market indicator was little changed yesterday despite favourable news late on Monday afternoon that France's trade surplus widened in June and a lowering of the Call Money rate to 7¼ from 7⅜ per cent.

Banks, Motors, Electricals, Hotels, Oils and Rubbers held firm, while Foods and Constructions were mixed, but Stores and Chemicals were somewhat easier.

Notably higher were CFF, Financiere Union Europeenne, Guyenne, Borel, Poclain, Arjomari, CGE, Pompey, Primagaz, Dollfus-Mieg and Maritime Chargeurs Reunis, but declines were sustained by CIC, Schneider, Olida, Bouygues, Kleber, Sagem, Legrand, CFR, Lefebvre and Vallourec.

Australia

Stocks were inclined to make further progress in increased activity, although some issues turned back later.

BHP touched a new 1978 high of A$7.74, but subsequently eased to A$7.68, unchanged on balance.

Among Retailers, C. J. Coles advanced 15 cents to A$2.17, buoyed by a 20 per cent rise in annual profits—the company also announced that it has bought from K-Mart, of the U.S., a 51 per cent equity interest in the local K-Mart operation in a cash and shares deal worth about A$65m.

Bushells Investments, the tea and coffee merchants, moved ahead 80 cents to A$5.20 in response to the take-over bid from Brooke Bond Liebig, of the UK.

Grace Bros. put on 5 cents to A$2.20 after news of its purchase of a 20 per cent holding in J. B. Young, a Canberra-based retailer from Burns Philp. J. B. Young added 8 cents at A$1.35.

In the Sugar sector, CSR rose 8 cents to A$3.08 and Bundaberg 10 cents to A$3.30.

Coals remained firm, with Utah rising 5 cents to A$4.25 and Thiess 3 cents more to A$2.85.

After recent strength, Uraniums showed little change yesterday, although Kathleen Investments were 5 cents higher at A$2.55.

Gold Mining issues came in for some light profit-taking on a belief that the gold price has peaked for the time being, Central Norseman reacting 20 cents to A$9.20.

Canada

Shares returned to a firmer tack yesterday morning in fairly active trading. The Toronto Composite Index was 1.2 up at 1,181.1 at noon, while Oils and Gas gained 4.3 to 1,518.5 and Banks 0.48 to 284.40, but Golds shed 2.5 to 1,373.6 and Papers 0.53 to 122.13.

Among companies reporting higher earnings, Placer Development, C$23⅛, and Leons Furniture, C$14, rose ⅛ apiece, Loblaw "A" gained 5 cents to C$4.40 and IU International edged up ⅛ to C$19⅞.

Cominco shed ⅛ to C$27 on lower first-half net profits.

Hong Kong

Further widespread gains occurred in active trading on mainly local demand. The Hang Seng index closed 6.06 higher at 578.02, with volume totalling HK$163.27m (HK$105.78m). Light profit-taking was noted around mid-session, but was well absorbed.

Hong Kong Wharf led the most active shares with a gain of HK$1.10 to HK$26.40, while the Warrants firmed HK$5 to HK$70.50.

Among the Blue Chips, Jardine Matheson rose 30 cents to HK$15.70, Hong Kong Bank 20 cents to HK$19.50 and Hutchison Whampoa 5 cents to HK$6.45, but Swire Pacific eased 5 cents to HK$9.05.

Johannesburg

Gold shares turned easier, reflecting the reaction in the Bullion price.

Mining Financials were mixed in a small trade. De Beers came back 8 cents to R7.03. Platinums were irregular, while Coppers moved lower. A softer tone prevailed in the Industrial market.

Switzerland

Monday's downward drift gave way to a mixed performance yesterday in light turnover, with sentiment aided a little by the Swiss National Bank's measures to ease money market liquidity.

Domestic and Foreign Bonds gained ground in livelier trading.

Milan

Further good gains were recorded in active trading.

Several State-controlled stocks rose strongly, including Finsider and Italsider in the Steels sector and ANIC in Chemicals.

Fiat, however, reacted 16 to L1,798 in Motors.

Amsterdam

Market made a firmer showing, with Royal Dutch, among Internationals, rising Fl 1.40.

Elsewhere, KLM and Algemene Bank Nederland gained Fl 5.00 and Fl 2.50 respectively, while shares with gains of around Fl 1.00 apiece included Nationale Nederlanden, Rollinco and Dell.

Indices

NEW YORK —DOW JONES

	July 24	July 21	July 20	July 19	July 18	July 17	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	831.60	833.42	838.62	840.78	829.90	839.05	866.81 (8/6)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.20	87.20	87.10	87.20	87.15	87.00	90.64 (4/1)	86.75 (11/7)	—	—
Transport	229.83	228.96	229.80	229.69	226.82	227.60	251.58 (6/6)	199.31 (9/3)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.38	106.07	105.28	106.28	105.19	106.28	110.98 (4/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	25,280	26,080	33,540	30,050	22,860	28,180	—	—	—	—

* Basis of index changed from August 24

	July 21	July 14	July 7	(Year ago approx.)
Ind. div. yield %	5.62	5.56	5.75	4.81

STANDARD AND POORS

	July 24	July 21	July 20	July 19	July 18	July 17	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	107.99	108.04	108.50	108.44	106.98	108.09	110.99 (8/6)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§ Composite	97.72	97.75	98.33	98.12	96.87	97.78	100.32 (8/6)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	July 12	July 6	June 28	Year ago (approx.)
Ind. div. yield %	5.07	5.18	5.11	4.45
Ind. P/E Ratio	9.13	8.95	9.04	10.12
Long Gov. Bond yield	8.59	8.62	8.57	7.59

N.Y.S.E. ALL COMMON

July 24	July 21	July 20	July 19	1978 High	1978 Low
54.86	54.91	55.07	55.10	56.30 (6/6)	48.37 (6/3)

Rises and Falls

	July 24	July 21	July 20
Issues traded	1,879	1,872	1,888
Rises	605	570	815
Falls	823	859	654
Unchanged	451	443	419
New Highs	44	43	96
New Lows	17	12	7

MONTREAL

	July 24	July 21	July 20	July 19	1978 High	1978 Low
Industrial	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Combined	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TORONTO Composite	1179.9	1181.8	1178.8	1181.5	[illegible]	[illegible]
JOHANNESBURG Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JOHANNESBURG Industrial	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Australia, Belgium, Denmark, France, Germany, Holland, Hong Kong, Italy, Japan, Singapore, Spain, Sweden, Switzerland: [illegible]

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Texaco	[illegible]	[illegible]	[illegible]
Burlington Inds.	[illegible]	[illegible]	[illegible]
Continental Corp.	[illegible]	[illegible]	[illegible]
Polaroid	[illegible]	[illegible]	[illegible]
Dow Chemical	[illegible]	[illegible]	[illegible]
AMAX	[illegible]	[illegible]	[illegible]
Tenneco	[illegible]	[illegible]	[illegible]
Pan-Amer. Airways	[illegible]	[illegible]	[illegible]
Eastman Kodak	[illegible]	[illegible]	[illegible]
Brit. Petroleum	[illegible]	[illegible]	[illegible]

NEW YORK

Stock	July 24	July 21
[illegible]	[illegible]	[illegible]

CANADA

Stock	July 24	July 21
[illegible]	[illegible]	[illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ⊕ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. [illegible] and/or scrip issue. c Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. [illegible]

GERMANY ◆

July 25	Price DM	+ or –	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

July 25	Prices Yen	+ or –	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

July 25	Aust. $	+ or –
[illegible]	[illegible]	[illegible]

OSLO

July 25	Price Kroner	+ or –	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

July 24	Price Cruz	+ or –	Cruz. Div.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Turnover: Cr.123.2m. Volume 57.2m.
Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

July 25	Rand	+ or –
[illegible]	[illegible]	[illegible]

INDUSTRIALS

July 25	Rand	+ or –
[illegible]	[illegible]	[illegible]

Securities Rand U.S.$0.70½ (Discount of 33.7%)

SPAIN ▼

July 25	Per cent	+ or –
[illegible]	[illegible]	[illegible]

AMSTERDAM

July 25	Price Fls.	+ or –	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

July 25	Price Frs.	+ or –	Div. Frs. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

July 25	Price Frs.	+ or –	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ⊕

July 25	Price Frs.	+ or –	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

July 25	Price Kroner	+ or –	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

July 25	Price Kronor	+ or –	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

July 25	Price Lire	+ or –	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

July 25	Price %	+ or –	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Banks Ltd.	10 %	■ Hill Samuel	§10 %
American Express Bk.	10 %	C. Hoare & Co.	†10 %
Amro Bank	10 %	Julian S. Hodge	11 %
A P Bank Ltd.	10 %	Hongkong & Shanghai	10 %
Henry Ansbacher	10 %	Industrial Bk. of Scot.	10 %
Banco de Bilbao	10 %	Keyser Ullmann	10 %
Bank of Credit & Cmce.	10 %	Knowsley & Co. Ltd.	12 %
Bank of Cyprus	10 %	Lloyds Bank	10 %
Bank of N.S.W.	10 %	London Mercantile	10 %
Banque Belge Ltd.	10 %	Edward Manson & Co.	11½%
Banque du Rhone	10½%	Midland Bank	10 %
Barclays Bank	10 %	■ Samuel Montagu	10 %
Barnett Christie Ltd.	11 %	■ Morgan Grenfell	10 %
Bremar Holdings Ltd.	11 %	National Westminster	10 %
Brit. Bank of Mid. East	10 %	Norwich General Trust	10 %
■ Brown Shipley	10 %	P. S. Refson & Co.	10 %
Canada Perm't. Trust	10 %	Rossminster Ltd.	10 %
Capitol C & C Fin. Ltd.	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½%	E. S. Schwab	11½%
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	11 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
The Cyprus Popular Bk.	10 %	Whiteaway Laidlaw	10½%
Duncan Lawrie	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corpn.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

FARMING AND RAW MATERIALS

Botswana beef sales curb eased

By Margaret van Hattem

BRUSSELS, July 25.

THE EEC Council of Agriculture Ministers today agreed to lift partially the ban on imports of frozen boneless beef from Botswana.

The ban was imposed last November because of outbreaks of foot-and-mouth in southern regions of the country. A team of Community experts has now declared these areas free of the disease, and the Minister agreed that exports may resume. A wider lifting of the ban will be considered when the Council meets again in September.

In normal years Botswana exports only 17,000 tonnes of beef to Europe, so the decision is unlikely to affect EEC markets. But the decision is important for Botswana, which draws 70 per cent of its export earnings from beef.

Earlier, Mr. John Silkin, the U.K. Agriculture Minister, gave initial support to Danish proposals to redistribute Britain's share of a planned £33m Community scheme to sell off intervention stocks of butter at cut prices.

The matter will probably be decided in September. In essence, the Danish plan would provide for a 3p a lb increase in the UK butter subsidy over three months.

This would apply, Mr. Silkin said, to all butter sold on UK markets. It would replace earlier proposals which would have given a 21½p a lb subsidy restricted to 17,000 tonnes of butter.

France bans import of UK lamb

By Our Commodities Staff

THE FRENCH Government yesterday closed its frontiers until further notice against imports of British lamb because the price of the meat in its home market has fallen below the level guaranteed to French farmers.

The ban on imports—it does not apply to Ireland which has a special arrangement—aims to reduce supplies on the market and push up prices.

The ban seems certain to hit UK farmers' prices which have already been falling recently in line with the seasonal increase in supplies of lamb and the summer decline in meat consumption.

French import controls, which are usually limited to a heavy import tax, are already under challenge through Common Market law.

Mr. Richard Butler, the National Farmers' Union's deputy president, said yesterday he would protest in the strongest possible terms

EEC launches export plan to tackle wheat surplus

BY CHRISTOPHER PARKES

THE COMMON MARKET Commission is taking the first tentative steps towards getting rid of its expected surplus of wheat from this year's harvest. On August 31 the cereals management committee in Brussels will consider export tenders for wheat and barley.

The wheat export tender will be the first for two years.

By the end of the year the committee plans to approve the export of and fix export subsidies for up to 600,000 tonnes of grain—half wheat and half barley.

Export licences will be available for all destinations except the Far East, EEC officials told Reuter.

The tenders will be managed in much the same way as the weekly arrangements governing sugar exports. Export licences will be granted to the traders asking for the lowest export subsidy each week.

International traders were surprised by the early news of the tenders and also by the inclusion of barley.

They had expected the Commission to wait at least until the end of the harvest before finalisig its plans, and they felt the EEC was unlikely to have much of an exportable surplus of barley in the new crop year.

Common Market farmers have planted an estimated 8 per cent more wheat this year and raised their barley acreage by 1 per cent.

Brussels officials said the tenders are due to run only until Christmas, but could be extended depending on future price levels.

Traders said exports of wheat were virtualy certain to continue through most of the new season.

The Community is expected to have at least 3m tonnes of wheat for export, including food aid, although the amount of barley available should be less than last year's 3.4m tonnes.

World wheat prices have been falling steadily since May, but EEC officials claimed the Community's tenders — for such modest quantities—were unlikely to damage prices further.

Reuter reports that the Australian Wheat Board has estimated 9.1m hectares have been planted to wheat so far for the 1978-79 crop.

Sir Leslie Price, chairman of the board, has urged farmers to make every effort to complete sowings delayed by wet weather.

He said the board could foresee a strong demand for wheat, and added it was disappointing sowing intentions were dropping behind because of heavy rain and waterlogging.

It will reach the end of this crop nyear on November 31 with minimum carryover stocks of 500,000 to 600,000 tonnes.

The board believed there was a good chance of world wheat market prices remaining steady, or at least not suffering any decline.

● U.S. farmers are not taking as much area out of grain production as originally expected, U.S. Agriculture Department officials said.

The USDA was still in the process of analysing the amount of acreage "certified" as being set aside by farmers and does not have any overall or individual state figures for the various crops.

'Saving the wool industry' report

FINANCIAL TIMES REPORTER

THE SURVIVAL of the wool industry cannot be ensured solely by the proposed reforms in marketing, the Bank of New South Wales says in a special report out today.

Called Saving the wool industry, the review says that also needed will be moves to expand the demand for commodities using wool; diversification of the range of end-uses; and cost savings in production.

The review points out that Australia is still by far the world's biggest producer and exporter of wool. But its sheep flock fell from a record 180m in 1969-70 to 132m last season. In the same period wool production declined 26 per cent from 923m to 680m kg.

"But for many growers, the boom of five years ago was too late and too short to justify reversal of the disinvestment of previous years stemming from drought, low prices and rising costs," the review comments.

The review points out that under the LOPS (Limited Offer to Purchase Scheme) introduced last year the Australian Wool Corporation is buying wool direct in Victoria, Western Australia and Queensland from growers to handle and resell by methods which it claims will curtail marketing costs. Savings achieved are returned to growers as discounts on normal selling costs.

But the bank questions whether the long-term outlook for wool is favourable enough to justify this emphasis on marketing reform.

Marketing costs cannot be trimmed indefinitely, even by a statutory authority empowered to control the distribution network. "Savings, too, may have to be shared between users and producers to maintain demand and supply relationships.

"The marketing system, therefore, is not the sole point on which to focus efforts aimed at ensuring the survival of the industry.

"Because rural producers commonly seek to combat cost-price squeezes by expanding output, it may be necessary, in the economic conditions which have developed since the projections were made, to develop strategies enabling wool to hold on to a larger share of the world textile fibre market than foreshadowed."

Indeed, if demand for sheepmeat should continue to rise, expansion of demand for wool (a co-product in any sheepmeat enterprise) may become obligatory if supplies are to be cleared.

Greater emphasis on research and development to match the desirable features of synthetic fibres, and on wool's inherent "natural" properties could yield real benefits, it is claimed.

"Continued research on primary-processing techniques could engender establishment of a sizeable scouring and spinning industry, creating local job opportunities, enhancing the value of exports, and ensuring continuity of supplies for the newer manufacturing enterprises in countries with little or no integrated processing of raw wool.

"The fact that wool accounts for under 7 per cent of total textile fibre usage confers on promotional efforts a potentially considerable margin for success," the review declares.

Provided the market for all fibres expands in line with predictions, a constant 7 per cent share for wool sustained through the rest of the century would guarantee growers the opportunity to lift output to over 4bn kg, more than double what is now projected.

U.S. acts to bar EEC sugar

By John Edwards, Commodities Editor

THE U.S. is to impose a special countervailing duty of 10.8 cents a lb on imports of sugar from the EEC, the U.S. Treasury announced last night.

The extra duty has been imposed following a finding that the Community is subsidising sugar exports to the U.S. by paying exporters the difference between the EEC minimum price and the world market price.

The U.S. Treasury reported at the end of June that it was investigating a complaint by Michigan beet growers that 50,000 tons of subsidised EEC sugar had been shipped to the U.S.

At present the world market price of sugar has been forced down to the lowest level for five years, with the London daily price at £81 a tonne and values in New York just over 6 cents a lb.

However, to protect its domestic sugar industry, the U.S. already imposes a fixed duty of nearly 3 cents a lb and a further variable levy of up to 3.35 cents to support a minimum price of 13.5 cents a lb for growers.

Moves to raise these duties and the minimum price in the U.S., possibly with the introduction of quotas as well, have so far been delayed by political wrangling in Congress.

London market sources last night thought the U.S. move would have little immediate impact except possibly on traders with EEC sugar exports already on their way to the U.S.

But it could affect the decisions made today by the EEC Commission when it holds first export tender for sales of new crop (1978/79) sugar. This will only fix subsidies on sugar which will not be exported until mid-September.

There was an angry response in Brussels to the duty which EEC officials described as a "ridiculous over-reaction," reports Margaret Van Hattem.

But they added that the Community would not take any retaliatory action; since EEC sugar sales to the U.S. are conducted privately, the Commission cannot intervene.

However, the officials pointed out that, as such sales are extremely limited in volume, and since the prices do not undercut the currently extremely low world sugar price, the Commission does not consider that the sugar sales damage the U.S. industry.

This is the only criterion, under GATT, which justifies countervailing duties and, hence, the U.S. action is totally unwarranted, they added.

NAMIBIAN FISHERIES

Lessons from the pilchard debacle

BY JOHN STEWART

MOVES TOWARDS the independence of Namibia (formerly South-West Africa) should hasten measures to save the country's inshore and deep sea fisheries.

Economic and scientific studies by South African fishery officials indicate that Namibia's fishing grounds have the potential, with careful husbandry under a 200-mile exclusive offshore regime, to contribute R250m-R300m (more than 30 per cent) to the gross domestic product.

It is an unfavourable reflection on the quality of the South African Government's guardianship, however, that for the second time in the 25 years history of inshore fishing out of Walvis Bay and Luderitz there is a distinct threat of commercial extinction of the principal pelagic specie, the pilchard.

Scientific estimates of the total biomass in a 200-mile zone between the Kunene and Orange Rivers have put the white fish resource at about 1m tonnes and pelagic fish at about 1.5m tonnes.

Clear evidence that fishing effort was maintained above the maximum sustainable yield for too long is the fact that the 15 signatories to the International Convention for South-East Atlantic Fisheries (ICSEAF) have limited white fish catches to 480,300 tonnes this year, while the South African authorities this week ordered all pelagic fishing to cease as soon as catches totalled 400,000 tonnes (compared with a total permissible quota last year of 940,500 tonnes for the nine factory operators at Walvis Bay).

Blamed

The most alarming thing about the truncated pelagic catch is that it consists of only 45,000 tonnes of pilchard. Last year, nearly 200,000 tonnes were landed.

As a result, the South African controlled Canneries at Walvis Bay will be hard pressed to achieve a pack of over 1m cartons (compared with nearly 11m cartons two years ago).

The overfishing has been blamed, by fishing industry sources, on distant-water trawler operators from the Soviet bloc. They quoted South African Navy sources who had noted the presence of 172 foreign fishing vessels in Namibian waters.

But South African fishery officials doubt claims that foreign trawlers are responsible for the disappearance of pilchards. Last week officials carried out a routine inspection of 10 Soviet Bloc trawlers (under the terms of ICSEAF treaty regulations) and found no evidence that pilchards were being fished.

There is a more likely explanation, however.

After the plundering of the pilchard resource between 1968 and 1970, the SA authorities attempted a compromise by introducing the concept of a split quota: one-third pilchards and two-thirds "other" species, in an effort to save pilchards from heavy fishing effort.

But the policy did not work because the overall permissible intake of raw fish was left unaltered. Furthermore, the stipulation that all fishing had to stop once the pilchard content of the catch had been filled, led to serious abuse.

Fishery scientists and factory operators alike admit openly there was large-scale dumping at sea of fish wrongly identified as "other" species but found, on closing the net, to be pilchard. The extent of such dumping will never be established but it clearly contributed to the subsequent decline of the resource.

Then there were allegations that when the dumping began to horrify even the most hardened fishermen, the shoreside bribery began. One Walvis Bay source says that the going rate to pay an inspector to identify pilchards as "other" species was running at one time at R10 per 100 tonnes.

It was argued at the time that reduction of the overall pelagic quota of 940,500 tonnes would have had an adverse psychological impact on the fishery: investors would probably have read the wrong things into it.

But from 1971 to 1975 the total quota was little more than a licence to steal in many cases, and during this period recruitment of young pilchard to the total stock was badly damaged. No one noticed because there was fish in abundance and scientific monitoring of the catch and survey work of availability and recruitment fell away.

In anticipation of canning packs of 12m to 14m cartons, additional warehousing shot up at Walvis Bay and the Metal Box Company installed additional capacity to cope with the projected heavy demand.

In 1976 the danger signals flashed and last year a mere 197,000 tonnes of pilchards were landed, the lowest catch on record.

In the interests of saving the pilchard from commercial extinction, fishery scientists in Cape Town say that fishing should stop altogether. Environmental factors and human effort are now so finely balanced that it will not require a great deal to break the back of the fishery.

The Namibian pilchard debacle contains valuable lessons for the future, however.

Balance

In the late 1960s and early 1970s when a Namibian fishing quota was a licence to print money, a number of factory operators diversified out of fish—into property and township development, cattle ranching, forestry, food and so on.

Subsequent events show that they should have diversified out of pilchards into other species: tuna, hake, mackerel and many others. They should also have diverted their massive surplus earnings into deep sea trawling.

Last year the international community took nearly 1m tonnes of hake out of the Namibian coastal zone. In addition, iron curtain distant water trawler operators took about 400,000 tonnes of mackerel, quick-frozen for human consumption (SA operators turn it into fishmeal).

The potential foreign exchange earnings suggested by these figures is enormous. Under a 200-mile regime, an independent Namibia would have white fish resources in excess of 1m tons a year and, if allowed to recover under tight management, about 1.5m tons of pelagic fish including mackerel. In money terms, earnings could go as high as R800m in the initial stages. Huge additional foreign earnings could be derived from fishing licences issued to foreign trawler operators in a Namibian exclusive economic zone.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steadied on the London Metal Exchange with the market shrugging off the overnight fall in New York. Forward metal started at £726 and rose throughout the day. Comex opened firmer in the afternoon, helping London to close on the Kerb at the day's high of £733.5. Turnover: 11,350 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars Cash	706.5-7	−4.5	710-1	+2
3 months	727.5-8.5	−5.25	731.5-2	+2
Settl'm'nt	707	−4.5	—	......
Cathodes Cash	702.5-3.5	−4.5	706.5-7	+1.75
3 months	724-.5	−4	728-.5	+2
Settl'm'nt	703.5	−4.5	—	......
U.S. Smt.	—	......	63-64	......

TIN—Higher with forward metal starting at £6,355 after a small fall in the East overnight. Bear covering and covering against physical business in Europe lifted the market to a high of £6,388 before a close on the Kerb of £6,360. Turnover: 1,225 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	6415-20	+46	6430 40	+47.5
3 months	6365-75	+27.5	6380 90	+22.5
Settlem't	6420	+46	—	......
Standard				
Cash	6415-20	+46	6430 40	+47.5
3 months	6360-5	+27.5	6360-70	+22.5
Settlem't	6420	+46	—	—
Straits E.	[illegible]	−5	—	—
New York	—	......	—	......

LEAD—Higher with trade buying and covering against Continental physical business in good two-way trading. Forward metal started at £312-£313 and climbed to £317 before easing slightly and then advancing again. On the late Kerb a high for the day of £319 was reached before a close of £318.25. Turnover: 7,650 tonnes.

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5) Gold Sales Programmes
6) Summary
7) Gold Trading Activity
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GRAINS

SUGAR

SILVER

COCOA

RUBBER

COFFEE

SOYABEAN MEAL

JUTE

WOOL FUTURES

MEAT/VEGETABLES

GRIMSBY FISH—Supply fair, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.60-£4.30, codlings £2.40-£3.10; large haddock £3.60-£4.40, medium £3.00-£3.50, small £1.50-£2.30; large plaice £5.50, medium £4.00-£4.50, best small £3.60-£4.00; medium skinned dogfish £6.00; large lemon soles £6.00, medium £6.00; saithe £1.70-£2.40.

Hong Kong plans currency futures market

HONG KONG, July 25.

THE HONG KONG Commodity Exchange hopes to open markets dealing in currency futures and financial instruments by the end of this year, Mr. Peter Scales, the exchange chairman, said, reports Reuter.

He said the exchange planned to operate the market along the lines of the Chicago international monetary market which deals in sterling, Canadian dollar, mark, yen and Swiss franc futures.

The financial instruments in Chicago comprise interest rate, treasury bill and Government mortgages futures.

Mr. Scales said the exact currencies traded had yet to be decided.

The exchange will have to apply to Hong Kong's Governor to change the commodity trading ordinance which now confines commodity futures trading to cotton and sugar.

The exchange will have to show the currency and financial instruments futures markets are needed and will be used before the licence to trade in these futures is granted.

Coypu attacks

COYPU HAVE been attacking sugar beet and wheat crops in East Anglia and a campaign is being launched by Coypu Control, a team of trappers specially established to rid the Norfolk and Suffolk Broads of this South American rodent.

A total of 1,011 coypu, which damage river banks and eat farm crops, have been killed in Norfolk and Suffolk in one month.

PRICE CHANGES

Price per tonne unless otherwise stated. * Nominal. † New crop. ‡ Unquoted.

INDICES

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

COTTON

U.S. Markets

Mixed trend for precious metals

NEW YORK, July 24.

COPPER sold sharply on Commission House liquidation and trade hedge selling. Following a weaker U.S. stock market, precious metals showed divergent trends on mixed trade and speculative activity followed renewed weakness in the dollar. Sugar again recorded new life on contract lows on Commission House stop-loss selling. Cocoa rallied on trade arbitrage buying following a stronger sterling. Coffee declined in light activity and no physical demand.

Cocoa—Sept. 145.65 (148.00), Dec. 143.80 (142.70), March 140.00, May 137.70, July 135.45, Sept. 133.65, Dec. 131.75. Sales: 423 lots.

Coffee—"C" Contract: July 125.00 asked (125.50), Sept. 113.25-114.00 (117.05), Dec. 106.00, March 101.75 asked, May 99.50 asked, July 101.50 asked, Sept. 101.00 asked, Dec. 101.00 asked. Sales: 492 lots.

Copper—July 61.55 (62.90), August 61.70 (63.10), Sept. 62.35, Dec. 64.15, Jan. 64.75, March 65.55, May 66.90, July 67.95, Sept. 68.95, Dec. 70.45, Jan. 70.95, March 71.95, May 72.95. Sales: 3,500 lots.

Cotton—No. 2: Oct. 59.25-59.30 (60.16), Dec. 61.25 (62.15), March 63.00, May 63.80-63.90, July 64.30-64.90, Oct. 64.30-64.90, Dec. 64.55. Sales: 3,050 bales.

*Gold—July 193.40 (195.90), August 193.60 (196.30), Sept. 195.40, Oct. 196.90, Dec. 200.00, Feb. 203.10, April 206.40, June 209.70, August 213.00, Oct. 216.40, Dec. 219.50, Feb. 223.20, April 226.60. Sales: 11,000 lots.

†Lard—Chicago loose unavailable. NY prime steam 24.25 asked (24.00 traded).

‡Maize—Sept. 229-229½ (232½), Dec. 235-235½ (239), March 243½-243¼, May 245½, July 250¼, Sept. 252.

§Platinum—Oct. 254.70-255.00 (257.40), Jan. 259.00 (261.30), April 262.40-262.60, July 266.20, Oct. 270.40-270.60, Jan. 274.40-274.60. Sales: 1,711 lots.

¶Silver—July 548.40 (547.20), August 549.40 (548.30), Sept. 553.20, Dec. 565.50, Jan. 560.50, March 577.80, May 586.60, July 595.50, Sept. 604.50, Dec. 618.20, Jan. 622.50, March 632.30, May 641.90. Sales: 12,500 lots. Handy and Harman spot bullion: 545.00 (537.70).

Soyabeans—August 625-[illegible] (646½), Sept. 607-608½ (624), Nov. 595½-594½, Jan. 601½-601, March 611-610, May 614, July 617, August 617.

‖Soyabean Meal—August 163.00-164.00 (166.80), Sept. 163.00 (165.10), Oct. 161.50-162.00, Dec. 161.20-161.00, Jan. 161.70-161.60, March 165.00-164.50, May 166.00-165.50, July 167.00-166.6.

Soyabean Oil—August 23.65-23.75 (24.48), Sept. 23.00-23.05 (23.72), Oct. 22.30, Dec. 21.50-21.60, Jan. 21.55-21.60, March 21.50, May 21.45, July 21.40, August 21.40-21.45.

Sugar—No. 11 Sept. 6.05-6.05 (6.13), Oct. 6.15-6.16 (6.24), Jan. 6.30-6.50, March 6.69, May 6.82, July 6.95-6.97, Sept. 7.15-7.18, Oct. 7.25-7.26. Sales: 4,290 lots.

Tin—5.51-5.70 nom. (5.49-5.61 nom.).

**Wheat—Sept. 309 (315½), Dec. 314-313½ (322½), March 316-315½, May 314, July 315.

WINNIPEG, July 24. ††Rye—July 94.00 nom. (94.00 bid), Oct. 94.20 asked (97.00 asked), Nov. 95.90 nom. Dec. 93.60 asked, May 96.50 asked.

††Oats—July 70.20 (69.70), Oct. 71.30 bid (70.00 bid), Dec. 71.20 asked, March 71.20 bid, May 71.00.

‡‡Barley—July 73.40 bid (72.10 bid), Oct. 73.00 bid (71.80-71.90), Dec. 73.20 bid, March 73.10 bid, May 73.50 bid.

§§Flaxseed—July 228.00 bid (230.00 bid), Oct. 228.00 bid (231.00), Nov. 230.00 asked, Dec. 227.00 bid, May 233.50.

¶¶Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 160.8 (164.33).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ SC per tonne.

STOCK EXCHANGE REPORT

Emphasis switches from leaders to secondary equities

Bargains marked highest for two months—Gilts end mixed

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Although the undertone remained sound yesterday in industrial shares, the accent swung from the leaders. It turned to numerous secondary stocks and those thought to be potential takeover candidates. As a result, the number of bargains marked, 5,450, rose to the highest since May 26.

Few sectors of the market were hindered by the Treasury's plans for dividend controls, slightly tighter than originally envisaged, but enthusiasm for leading shares became patchy at the recently enhanced price levels. Reflecting this, the FT 30-share index was at its best at the 11 am calculation of 486.4 before closing with net 1.5 gain at 485.4.

The approaches to Bourne and Hollingsworth triggered considerable interest not only in B and H, finally 85 higher at 200p, but also in various other small stores among which Grant Bros., Moss Bros., and Waring and Gillow became prominent.

British Funds extended the recent upturn before activation of the near-short tap Exchequer 10 per cent 1983 (£45-paid) at 43¼, by the Government broker. His assertion of control tended to dampen interest, particularly for the shorter maturities which reacted prior to steadying and closing only marginally easier off balance. Frequent earlier gains of ¼ among high-coupon longs were halved in sympathy. Hopes of a possible reduction in bank rate revived following the slightly lower rate on this week's issue of Local Authority yearling bonds.

Gold shares took a respite after their recent strong rise. The initially lower price of bullion prompted profit-taking and the FT Gold Mines index reacted 4.9 to 175.4, but late in the day the rally in the metal price promoted renewed American inquiries and most shares closed above the worst.

Investment currency rates continued to fall. Further offerings from arbitrage sources, released by activities in overseas shares, found buyers extremely reluctant in view of the current trend in sterling and the premium reacted to 98¾ per cent before trade became better balanced. Finally, the rate recovered to 99¼ per cent for a net loss of 3¾ points more. Yesterday's SE conversion factor was 0.6788 (0.6589).

Activity in Traded Options diminished considerably and from Monday's sizeable total of 895, the number of contracts completed fell to a modest 468. Grand Met. recorded 100 of these followed by ICI's 84, and Cons. Gold's 67.

NatWest easier

Around 4 up immediately in front of the interim results, NatWest turned easier on the uninspiring first-half profits to close 5 lower on balance at 273p. The other major clearing Banks reacted in sympathy with Barclays, the next to report on Thursday, finishing 2 harder at 330p, after 332p, while Midland reporting a day later, closed at the overnight level of 365p, after 372p. Elsewhere, Grindlays rose 3 to 123p in response to the sharply higher half-yearly profits. Foreign issues eased in sympathy with a fresh relapse in the investment currency premium. Algemene fell 4½ points to £126 and Deutsche 4 points to £114.

Breweries closed with the occasional modest gain following a slow trade. Distillers edged forward a penny making a rise of 10 to a 1978 peak of 193p since news of the planned price increases. Amalgamated Distilled Products closed a penny better at 37p in front of the preliminary figures.

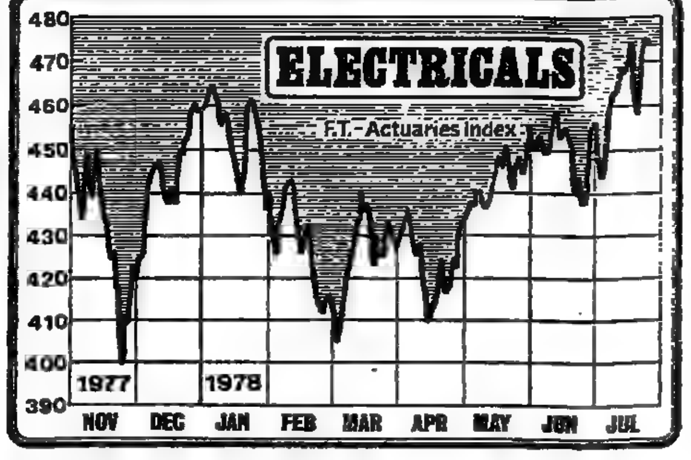
Building descriptions continued firmly in a slightly improved trade. Steady demand lifted Blue Circle 7 to 260p, and, in further consideration of last week's annual results, Magnet and Southerns firmed 9 to 208p. Revived bid speculation prompted a gain of 10 to 298p in Tunnel B, while Leigh Interests, trade-linked to the latter, rose a similar amount to 170p and T. W. Ward, with a near-30 per cent interest in Tunnel, improved 3½ to 71½p. BPB added 6 more to 236p following Monday's announcement that its wholly-owned subsidiary, British Gypsum, is to increase its prices. In Constructions, satisfactory interim results left Taylor Woodrow 8 to the good at 374p. Y. J. Lovell added 3 to 88p and John Laing A firmed 5 to 189p. Housebuilders Barratt Developments, 106p, and Comben, 37p, firmed 5 and 3 respectively, the latter in continued response to the higher interim profits.

On initial early demand, ICI touched 395p but later reverted to its overnight level of 391p. Similarly, Fisons closed unchanged on the day at 365p after 369p. William Ransom encountered support in a thin market and put on 10 to 220p.

Bourne jump

The overnight revelation that Bourne and Hollingsworth is to enter talks which may result in an offer being made for the shares prompted a jump of 85 to 200p, after 205p, and sparked off speculative interest in other secondary Stores. Grant Bros. rose 8 to 90p, after 92p, and Moss Bros. improved 5 to 123p, after 124p, while Waring and Gillow gained 4 to 117p. Bambers (formerly Vernon Fashions), 107p, and Wallis, 197p, rose 16 and 12 respectively and Freemans put on 8 to 338p. The leaders remained firm, and Combined English gained 3 to 104p on the group's agreed disposal of its loss-making Belgian subsidiary.

Bowthorpe featured Electricals, rising 4 to 59p on speculation generated by news of the death of the chairman Mr. Jack Bowthorpe. Ward and Goldstone picked up a like amount at 89p on further consideration of the results, while similar improvements were recorded in Chloride, 118p, and Forward Technology, 135p. Racal Electronics fell 6 to 260p despite the optimistic tone of the full report while Rotaflex (GB) shed 3 to 50p on the first-half profits setback.



Features in Engineerings were usually outside of the leaders. Speculative demand in a market short of stock helped George Whitehouse to add 8 to 95p, while demand of a similar nature prompted a rise of 6 to 138p in M.L. Holdings. Wadkin gained 8 to 130p, and Baker Perkins advanced 5 to 103p. Howard Machinery closed 2 dearer at 26p, after 28p, following the interim figures. Comment on the results helped Neepsend to improve 3 to 46p and Fluidrive edged forward a couple of pence to 83p after comment on the bid situation. Davy International, on the other hand, lost 8 to 262p in reaction to the disappointing annual results and IMI softened a penny to 62p on reports of a downgrading of 1978 profit estimates. John Brown hardened 2 more to 420p among the quietly firm leaders.

J. Bibby came to the fore in Foods, rising 9 to 248p, after 254p, on renewed interest in a restricted market. Rowntree Mackintosh became prominent at 403p, up 8, on dividend hopes. Brooke Bond edged forward 1½ to 47p following the announcement of a £20½m cash takeover bid for Busbell's Investments, the leading Australian tea processors and distributors, and small buying in anticipation of today's preliminary figures lifted Somportex 2 to 70p. J. Sainsbury hardened 3 to 215p as did Associated Dairies, to 244p. Hotels and Caterers had Ladbroke 4 higher at 159p following the chairman's statement on prospects, while Wheeler's Restaurants rose 5 further to 360p on the preliminary figures and capital proposal.

P. Harris good

Miscellaneous Industrial leaders continued firmly with buyers pushing prices higher on the hope that the Government's dividend Bill will be defeated. Beecham, 680p, and Glaxo, 589p, rose 7 and 9 respectively. Elsewhere, Philip Harris were outstanding at 85p, up 13p, following speculative demand in a market none too well supplied with stock, and Macarthys Pharamaceuticals advanced 7 to 94p on the sharply higher preliminary profits. Still reflecting Monday's news of the bid approach, Peerage of Birmingham touched 64p before closing 2 better on balance at 62p, while comment on the results prompted a rise of 10 to 190p in Siebe Gorman. Booker McConnell were supported up to 288p, but closed only 3 dearer at 276p, while improvements of around 3 were recorded in Extel, 116p, Charles Hill of Bristol, also 116p, Wedgwood, 122p and Initial Services, 87p. Buyers came for Carlton Industries, 8 to the good at 204p. By way of contrast, Wilson Walton fell away to 54p on the announcement that publication of the report and accounts had been delayed before rallying to 60p following presentation of the Board's unaudited figures and news of major contracts; the close was 2 down at 55p.

Motors and Distributors ended little changed following a reasonable trade. H. Perry recorded an above average gain of 9 at a 1978 peak of 122p, while interest was also shown in Braid 1½ harder at 38½p, and Plaxton's (Scarborough), 2½ better at 84½p. Lex Service traded briskly before closing a penny better at 85p. Dowty, at 225p, gave up 5 of the recent rise.

Following the offer for the outstanding minority from S. Pearson, Pearson Longman put on 5 more to 248p; the former closed 3 higher at 228, placing a value of 256p on each Pearson Longman share. Elsewhere, Daily Mail A improved 5 more to 335p, while revived speculative interest left Mills and Allan 8 up at 188p.

English property fall

Recently buoyant on take-over expectations, English Property reacted 9 to 37p following the after-hours announcement of the termination of bid discussions. Sympathetic reactions ensued elsewhere, with leading issues retreating from quietly firm levels; Land Securities, at 221p, gave back an initial gain of 2 and MEPC closed a penny easier at 129p, after 131p, while Stock Conversion, awaiting today's annual results, finished 2 cheaper at 262p, after 266p. Selected secondary issues made progress in places; Imry put on 10 to 325p, and Chesterfield 6 to 315p, while Bradford at 262p and Jermyn Investment, 40p, both held gains of 4, the last-named in a restricted market.

Oils passed a quiet session with leading issues rarely stirring from overnight levels. British Petroleum and Shell both held modest improvements at 872p and 560p respectively. Ultramar remained at 264p on the announcement that negotiations are taking place for the purchase of Canadian Fuel Marketers, a wholly-owned subsidiary of Shell. Elsewhere, demand in a thin market lifted Losmo 'Ops' 15 to 350p.

Boustead, a firm market of late, came on offer and fell 6 to 54p. Other Overseas Traders tended to higher levels with Lonrho hardening 3 to 63p and James Finlay 8 to 333p.

Small rises littered Investment Trusts following an uneventful session. Glendevon Investment "B" hardened 3 to 97p, while a similar improvement was recorded in Lowland Investment, 53p. Awaiting developments in the bid situation, Investment Trust Corporation also gained 3, to 282p. Activity in Financials was largely confined to the recent speculative favourites. Fitzroy Investment, at 22p, gave up 2 of the previous day's rise of 3, but renewed interest prompted gains of 2½ and 5 respectively in Dawnay Day, 45p, and Fashion and General, 120p.

Shippings were ignored and closed with little alteration.

Textiles had an isolated dull feature in Harold Ingram which dropped 4½ to 33½ in the late trade on the sharp fall in earnings and the omission of the final dividend.

Guthrie continued firmly in Plantations, rising 10 for a two-day gain of 21 to 273p. Other firm spots included Bertam Consolidated, up 7 at 127p, and Jitra, 8 to the good at 103p.

Golds lose ground

South African Golds showed a distinctly easier tone, but recouped part of the earlier losses in late trading as U.S. buying entered the market and as the bullion price staged a recovery.

The Gold Mines Index eventually was down 4.9 at 175.4 and the bullion price finished 75 cents lower at $194.375 an ounce after an afternoon fixing of $193.30.

Trading was at a fairly low ebb for most of the day, responding to the fall in the bullion price with the Cape emerging as sellers. Some of the stock was absorbed by London buyers, but when the U.S. entered the market losses were substantially reduced.

West Dries, for example, fell to £21⅞ before rallying to £22¼ for a net loss of ½. Vaal Reefs fell to £15, but recovered to £15½ for a net fall of ¼. Other stocks which moved in similar fashion included Buffelsfontein which closed down 30 at 956p, President Steyn, 52 lower at 825p and Saint Helena 44 off to 870p.

The fall in sterling terms was exacerbated by the decline in the investment dollar premium. This affected the whole list of overseas-based stocks.

Among South African Financials, De Beers, which appeared in the list of active stocks, fell 10 to 384p on small selling influenced not only by the premium but also by question marks over the terms for Namibian independence.

The Australian sector was slightly easier, despite a steady performance in Sydney overnight, in quiet trading. Conzinc Riotinto were 4 softer at 250p for example. Shares of the London parent, Rio Tinto-Zinc, were 2 harder at 222p in line with the general trend among London Financials.

Coppers and Tins were untested but Rhodesians were affected by news of the violence in Salisbury. Mangula were 2 easier at 45p and Falcon fell 7 to 173p.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	49	18	18
Corpns., Dom. and Foreign Bonds	20	2	42
Industrials	446	235	867
Financial and Prop.	196	64	255
Oils	6	6	22
Plantation	5	6	21
Mines	18	26	38
Recent Issues	6	5	28
Totals	700	408	1,281

FINANCIAL TIMES STOCK INDICES

	July 25	July 24	July 21	July 20	July 19	July 18	A year ago
Government Secs.	71.07	70.99	70.78	70.70	70.57	70.80	67.35
Fixed Interest	72.23	72.05	71.70	71.67	71.64	72.00	67.84
Industrial Ordinary	485.4	483.9	479.2	470.4	467.7	472.4	433.1
Gold Mines	175.4	180.3	175.0	170.7	164.6	162.6	119.9
Ord. Div. Yield	5.47	5.50	5.54	5.64	5.68	5.65	5.96
Earnings Y'ld% (full)*	15.50	16.58	16.81	17.14	17.25	17.10	16.66
P/E Ratio (net)(*)	8.05	8.01	7.94	7.78	7.74	7.81	8.72
Dealings marked	5,450	4,952	4,438	4,387	4,385	4,757	5,141
Equity turnover £m.	—	82.96	103.54	75.77	76.64	86.84	41.41
Equity bargains total	—	17,183	17,652	15,930	15,372	17,151	11,330

10 am 485.0. 11 am 486.4. Noon 485.2. 1 pm 484.6. 2 pm 484.8. 3 pm 485.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.98.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (5/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	180.3 (24/7)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 25	July 24
—Daily		
Gilt-Edged	184.1	179.9
Industries	194.6	189.1
Speculative	32.1	24.9
Totals	124.0	119.2
5-day Average		
Gilt-Edged	169.4	168.3
Industrials	162.7	157.5
Speculative	42.6	37.2
Totals	107.3	104.1

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 18	July 31	Oct. 12	Oct. 24
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21

For rate indications see end of Share Information Service

Stocks favoured for the call were Burmah Oil, English Property, Coral Leisure, Centreway, Shell Transport, British Land, Premier Consolidated Oil, UDT, Norwest Holst, Raybeck, Lex Service, Ward White, William Press and Peko-Wallsend, while doubles were arranged in Premier Consolidated Oil, British Land and Burmah Oil. Short-dated calls were taken out in GEC and International Computers.

LONDON TRADED OPTIONS

Option	Exercise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	142	—	164	—	—	—	871p
BP	800	97	—	123	—	140	—	"
BP	850	62	—	91	—	107	—	"
BP	900	38	13	61	—	80	—	"
Com. Union	140	18	—	19	1	25	—	150p
Com. Union	160	7	8	12	—	15	—	"
Cons. Gold	160	34	1	34	26	44	1	181p
Cons. Gold	180	19	32	21	—	32	—	"
Cons. Gold	200	9	6	12	1	16	—	"
Courtaulds	100	25½	2	6	—	—	—	120p
Courtaulds	110	17	—	18	—	23	—	"
Courtaulds	120	8½	15	12½	—	17	—	"
Courtaulds	140	4½	—	7½	5	12	—	"
GEC	220	61	6	67	—	—	—	275p
GEC	240	42	6	51	—	55	—	"
GEC	260	28	15	38	—	43	—	"
GEC	280	15	18	26	—	32	—	"
Grand Met.	100	18	9	22½	5	25½	6	115p
Grand Met.	110	9½	25	14½	9	17	29	"
Grand Met.	120	5	10	8½	10	12	—	"
ICI	330	69	5	71	4	79	—	391p
ICI	360	40	4	50	10	55	2	"
ICI	390	21	37	32	20	36	—	"
ICI	420	7	—	16	2	—	—	"
Land Secs.	180	46	2	[illegible]	—	52	—	222p
Land Secs.	200	25½	28	30½	3	38	—	"
Land Secs.	220	12	16	17	15	24	2	"
Marks & Sp.	120	46	—	50	—	53	—	166p
Marks & Sp.	140	29	16	32	11	36	—	"
Marks & Sp.	160	12	18	17½	15	23	—	"
Shell	500	75	—	85	—	90	—	560p
Shell	550	38	8	52	—	60	—	"
Shell	600	13	—	26	—	35	—	"
Totals			294		155		39	

A FINANCIAL TIMES SURVEY

LEISURE INDUSTRY

August 1 1978

The Financial Times is planning to publish its first major Survey on the Leisure Industry. The main headings of the provisional editorial synopsis is set out below.

INTRODUCTION Leisure is one of the major growth sectors both in the U.K. and overseas. What changes that have taken place within the sector to meet this growth and what of the future.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

NEW HIGHS AND LOWS FOR 1978

NEW HIGHS (227)

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NEW LOWS (2)

DRAPERY & STORES (1)
Henriques A
INDUSTRIALS (1)
Ovenstone

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	13	391	—	396	328
BATs Defd.	25p	11	278	+ 2	296	227
Shell Transport	25p	10	560	+ 2	586	484
De Beers Defd.	R0.05	8	384	−10	412	285
Distillers	50p	8	193	+ 1	193	163
Grand Met.	50p	8	115	—	117½	87
Beecham	25p	7	680	+ 7	680	583
Blue Circle	£1	7	258	+ 5	272	220
Comb. Eng. Stores	12½p	7	104	+ 3	104	73
GEC	25p	7	274	− 2	278	233
GUS "A"	25p	7	300	—	312	256
GKN	£1	7	270	+ 3	286	248
Marks & Spencer	25p	7	166	—	166	135
Tate & Lyle	£1	7	170	+ 2	218	164
Tunnel Hldgs. "B"	50p	7	298	+10	300	225

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
70	F.P.	30/6	92	85	Bramall (C.D.)	88	.....	4.5	5.1	7.7	4.7
55	F.P.	31/8	76	71	Carters Supermkts	75	+2	2.41	3.1	4.9	6.7
‡‡	F.P.	—	12¾	10	Emray	12	.....	—	—	—	—
100	F.P.	6/7	169	142	Eurotherm	163	−1	b2.64	3.0	2.5	15.6
85	F.P.	24/8	91	92	Hunting Petr. Service	87	.....	4.66	3.0	8.1	6.1
‡‡	F.P.	—	70	70	Man. & Metro. Inv. Tst.	70p	.....	—	—	—	—
154	F.P.	—	56	55	[illegible]	55	.....	b2.0	2.3	8.7	7.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
**	—	—	95½p	94p	Airflow Streamlines 10% Prf.	94p	−1½
**	F.P.	28/7	89	88	Antler Leather 9% Pref.	88	.....
**	F.P.	18/8	95½p	91p	Allied Retailers 9% Pref.	92	.....
£98	£50	22/9	51½	46	Barnet 12% Red. 1987	51½	+½
£99.4	F.P.	—	99½	99	Birmingham Var. Rate 83-85	99½	+½
$100	F.P.	—	$97½	$97¼	Boots 6¾% Conv. Bds. 1985	$97¼	.....
‖	£10	7/9	10⅞	10¼	East Anglian Water 7% Red. Pref. 1985	10¼	.....
100p	F.P.	16/8	104p	101p	Ecclesiastical Ins. Office 10% Red. 2nd Cum. Pref.	103p	.....
£100	F.P.	—	100⅜	99⅞	Edinburgh Var. Rate 1985	99⅞	.....
†1297.55	F.P.	28/7	98½	97¼	Essex Water 7% Red. Pref. 1985	98½	.....
‖	£25	25/8	28¼	23½	Fairview Ests. 14.25% Deb.	23½	.....
**	F.P.	21/7	98½p	96p	JB Holdings 10% Pref.	97p	+1
**	F.P.	—	90p	89p	Marchwiel 9% Pref.	89p	.....
**	F.P.	21/7	105½p	101p	Miner (P) 11% Pref.	101p	.....
‡‡	F.P.	—	86	85	Monlova 12% Partly Conv. Uns. Ln. '83-'86	85	.....
**	F.P.	9/8	95p	94p	More O'Ferrall 10% 2nd Cum. Pref.	94p	.....
**	—	—	97p	97p	Petbow 10% Pref.	97p	.....
§109	F.P.	21/7	109	107p	Robinson Bros. 11% Pref.	107p	.....
£99¾	F.P.	—	100	99¼	Sefton Var. Rate Red. 1985	99¼	−½
£98¼	£45	20/10	44¼	43	Southend-on-Sea 12% Red. 1987	44	+¼
£99	£50	21/7	50½	49	South Tyneside 12½% Red. 1986	49½	.....
$100	F.P.	—	$98½	$98¼	Thorn Intl. Fin. 7% Conv. 1988	$98¼	.....
£99¾	F.P.	—	99⅞	99⅝	Wandsworth Variable 1983	99⅝	.....
£98¼	£25	15/9	25	24	West Kent Water 12% Deb. 1986	24½	.....
**	—	—	96p	94p	Young & Co. Brewery 9% Pref.	95p	.....

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −
$A2.75	Nil	16/8	31pm	20pm	ANZ	29pm	+1
5	Nil	28/7	4½pm	3½pm	Bridgend Processes	3½pm	−½
28	F.P.	18/7	56½	51½	Brooke Tool Eng.	57	.....
15	F.P.	26/7	19½pm	15½pm	Dartmouth Invs.	18½pm	.....
14½	F.P.	26/7	19pm	16½pm	Elswick-Hopper	18pm	+½
86	Nil	2/8	17pm	10pm	Heatham Sims & Coggins	16pm	−1
108	F.P.	14/7	125	116	Henlys	124½	.....
72	Nil	4/8	18pm	14pm	L.C.P.	18pm	+2
70	Nil	10/8	11pm	9pm	Leech (Wm.)	11pm	.....
50	Nil	[illegible]	14½pm	12½pm	Norton (W. E.)	14pm	.....
50	Nil	28/7	30pm	25pm	Sutcliffe Speakman	30pm	.....
110	Nil	—	25pm	24pm	Tecalemit	25pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. a Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., July 25, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Mon. July 24 Index No.	Fri. July 21 Index No.	Thurs. July 20 Index No.	Wed. July 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	222.49	+0.5	17.09	5.51	8.10	221.28	219.26	216.05	214.46	175.49
2	Building Materials (28)	201.55	+1.6	17.24	5.50	8.20	198.34	196.72	194.17	193.08	146.05
3	Contracting, Construction (27)	353.79	+1.2	19.73	4.18	7.37	349.54	344.37	341.49	339.49	240.44
4	Electricals (15)	474.72	−0.2	14.51	3.90	9.74	475.74	470.54	460.89	457.60	354.75
5	Engineering Contractors (14)	328.81	+0.1	18.25	6.21	7.30	328.44	326.27	321.09	317.08	251.00
6	Mechanical Engineering (72)	179.57	+0.5	18.16	5.99	7.38	178.76	177.14	174.31	172.87	156.45
8	Metals and Metal Forming (16)	167.02	+0.4	17.11	8.42	7.96	166.29	165.60	164.58	163.37	144.86
	CONSUMER GOODS										
11	(DURABLE) (52)	203.85	—	17.02	5.16	8.24	203.91	202.78	198.62	196.25	160.10
12	Lt. Electronics, Radio TV (15)	242.40	−0.4	15.49	4.21	9.12	243.33	241.05	235.85	232.42	191.04
13	Household Goods (12)	181.83	+1.4	16.22	6.24	8.50	179.24	176.05	175.62	173.98	156.95
14	Motors and Distributors (25)	127.16	+0.1	19.56	6.37	7.13	127.00	126.64	124.48	123.42	105.79
	CONSUMER GOODS										
21	(NON-DURABLE) (174)	210.30	+0.4	15.46	5.71	8.77	209.44	206.52	202.58	201.21	161.64
22	Breweries (14)	230.12	+0.7	14.65	5.91	9.58	228.62	224.95	219.55	220.43	168.84
23	Wines and Spirits (6)	272.67	+0.4	15.70	5.31	9.66	271.45	265.18	258.79	258.58	194.80
24	Entertainment, Catering (17)	258.70	+0.5	15.21	6.71	9.62	257.41	254.77	250.60	247.14	202.74
25	Food Manufacturing (21)	200.83	+0.6	18.81	5.51	7.03	199.56	197.42	197.74	196.30	168.71
26	Food Retailing (15)	217.46	+0.7	13.98	4.75	9.93	215.89	215.08	208.88	204.19	169.91
32	Newspapers, Publishing (13)	416.75	—	9.67	3.00	14.76	416.72	413.59	402.75	397.26	295.15
33	Packaging and Paper (15)	136.78	+0.6	19.13	7.75	6.89	136.00	135.80	134.05	134.13	115.54
34	Stores (39)	196.42	+0.4	10.95	4.59	13.42	195.70	191.92	185.01	183.89	141.75
35	Textiles (25)	178.58	−0.3	18.58	7.75	6.99	179.07	178.10	177.40	176.76	148.79
36	Tobaccos (3)	253.52	+0.2	21.64	7.38	5.45	253.02	247.77	246.70	244.52	200.12
37	Toys and Games (6)	111.11	+0.1	18.30	5.73	6.67	111.04	111.44	107.60	106.41	98.58
41	OTHER GROUPS (97)	203.85	+0.6	15.74	5.65	8.32	202.55	200.81	198.44	197.09	174.78
42	Chemicals (19)	291.88	—	16.96	5.99	8.01	291.74	290.01	285.98	285.17	244.78
43	Pharmaceutical Products (7)	266.80	+1.2	10.83	3.86	11.48	263.69	262.26	259.76	257.98	0.00
44	Office Equipment (6)	130.44	+0.7	18.37	5.83	6.44	129.59	128.33	127.56	124.91	103.13
45	Shipping (10)	414.52	+0.6	17.40	7.39	7.05	411.86	405.83	401.64	398.65	472.51
46	Miscellaneous (55)	214.22	+0.9	16.71	6.18	7.98	212.20	209.58	206.99	205.27	170.98
49	INDUSTRIAL GROUP (495)	218.38	+0.5	16.03	5.61	8.45	217.35	215.00	211.49	209.96	174.55
51	Oils (5)	495.16	+0.3	14.91	3.99	7.28	493.72	496.05	488.78	486.47	502.25
59	500 SHARE INDEX	241.48	+0.4	15.87	5.37	8.25	240.41	238.36	234.54	232.92	200.82
61	FINANCIAL GROUP (100)	167.51	+0.1	—	5.68	—	167.26	165.65	164.90	162.91	133.88
62	Banks (6)	188.42	−0.2	24.26	6.01	6.24	188.77	188.08	189.85	189.23	153.72
63	Discount Houses (10)	203.85	+0.2	—	8.48	—	203.45	204.80	204.49	201.33	164.87
64	Hire Purchase (5)	159.47	+0.2	12.38	5.17	11.95	159.12	157.20	157.37	152.91	126.99
65	Insurance (Life) (10)	140.06	−0.2	—	6.50	—	140.32	138.55	137.22	133.94	101.58
66	Insurance (Composite) (7)	129.40	+0.7	—	6.59	—	128.50	127.13	125.74	123.58	108.62
67	Insurance Brokers (10)	349.23	+0.8	13.48	4.50	10.63	346.43	345.35	340.15	336.57	290.01
68	Merchant Banks (14)	80.31	+0.1	—	6.10	—	80.22	80.17	79.84	79.38	64.75
69	Property (31)	241.33	−0.5	2.93	3.10	67.52	242.42	237.75	235.47	232.15	175.58
70	Miscellaneous (7)	108.74	+0.9	23.35	7.68	5.57	107.76	105.32	104.62	104.30	89.91
71	Investment Trusts (50)	225.41	+0.6	3.08	4.52	32.45	223.98	223.27	220.44	219.05	170.39
81	Mining Finance (4)	101.92	+0.7	17.31	6.83	7.03	101.22	101.32	99.65	97.93	92.12
91	Overseas Traders (19)	326.72	+0.8	16.03	6.53	7.66	324.08	318.90	319.35	317.43	268.81
99	ALL-SHARE INDEX (673)	222.66	+0.4	—	5.43	—	221.73	219.86	216.87	215.15	183.42

FIXED INTEREST PRICE INDICES

	British Government	Tues. July 25	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.65	+0.03	—	4.91
2	5-15 years	114.99	+0.14	—	7.84
3	Over 15 years	121.83	+0.15	—	7.71
4	Irredeemables	128.03	+0.32	—	7.24
5	All stocks	113.71	+0.10	—	6.37

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Tues. July 25	Mon. July 24	Year ago (approx.)
1	Low Coupons	5 years	8.69	8.70	7.77
2		15 years	10.77	10.79	11.59
3		25 years	11.47	11.50	12.55
4	Medium Coupons	5 years	11.17	11.16	10.34
5		15 years	11.98	11.99	12.44
6		25 years	12.14	12.18	13.09
7	High Coupons	5 years	11.45	11.44	11.36
8		15 years	12.51	12.53	13.61
9		25 years	12.75	12.76	13.80
10	Irredeemables		11.52	11.55	12.71

		Tuesday, July 25 Index No.	Tuesday, July 25 Yield %	Monday July 24	Friday July 21	Thurs. July 20	Wed. July 19	Tues. July 18	Mon. July 17	Friday July 14	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.16	12.88	57.00	56.91	56.89	57.02	56.99	56.94	56.88	63.87
16	Investment Trust Prefs. (15)	51.60	13.64	50.82	50.82	50.77	51.04	51.65	51.61	51.55	50.61
17	Coml. and Indl. Prefs. (20)	69.94	13.24	69.79	69.50	69.50	69.55	70.04	70.04	70.02	68.46

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

INSURANCE, PROPERTY BONDS

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe 0494 33377

Equity Fd.	116.0	122.1	+0.3	—
Property Fd.	106.8	112.4	+0.1	—
Fixed Interest F.	109.7	115.4	+0.3	—
Gtd. Deposit Fd.	99.4	104.6	.....	—
Mixed Fd.	112.1	117.9	+0.3	—

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	82.3	86.6	.....	—
Nelex Eq. Accum.	115.9	122.0	−0.3	—
Nelex Money Cap.	62.6	65.8	.....	—
Nelex Mon. Acc.	66.7	70.2	.....	—
Nelex Gth Inc Cap.	50.0	52.6	.....	—
Nelex Gth Inc Acc.	51.3	54.0	.....	—
Nel Mxd. Fd. Cap.	48.0	50.5	.....	—
Nel Mxd. Fd. Acc.	48.8	51.3	.....	—

Next Sub. day August 25.
For New Court Property see under Rothschild Asset Management

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)
281 Greenwich High Road, Greenwich, SE10 8NL.

*Deposit Rate 6.45%. Share Accounts 6.90%. Sub'pn. Shares 7.95%. Term Shares 2 yrs. 1% above share rate, 3 yrs. 1% above share rate. Interest paid quarterly on shares/term shares. *Monthly Income Shares 6.90%.

LONDON GOLDHAWK
(01-995 8321)
15 17 Chiswick High Road, London W4 2NG.

Deposit Rate 6.45, Share Accounts 6.95, Sub'pn. Shares 8.20.

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.

For further details please ring
01-248 8000 Extn. 266

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

International Pacific Inv. Mngt. Ltd.
PO Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. | $A2.09 | 2.20 | ..... | —

J.E.T. Managers (Jersey) Ltd.
PO Box 104, Royal Tst. Hse., Jersey 0534 27441
Jersey Extrnl. Tst. | 174.0 | 185.0 | ..... | —
As at June 30. Next sub. day July 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK293.94		.....	2.50
Jardine J'pn Fd.*	$HK362.70		.....	0.90
Jardine S.E.A.	$US17.22		.....	1.80
Jardine Flem. Int.	$HK10.55		.....	—
Intl Pacific Secs.	$HK12.47	12.8	.....	—

NAV July 14 *Equivalent $US78.00. Next sub July 31.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Conv Bd. July 24	$US9.66	−0.03	—
Engy Int. July 24	$US15.17	−0.05	—
Gr.St.$Fd. June 30	$US7.06	.....	—
MercEbdFdJuly19	$US10.11	.....	0.2913

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St Helier, Jsy. CI 0534 73741

CMF Ltd. June 29	$US12.35	12.67	.....	—
CMT Ltd. June 29	£12.77	13.10	.....	—
Metals Tst. July 20	£11.89	12.18	.....	—
TMT July 14	$US10.39	10.57	.....	—
TMT Ltd. July 14	£10.36	10.63	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd | $US15.78 | −0.18 | —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ф. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101.
Index Guide as at 18th July, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	129.77
Clive Fixed Interest Income	115.70

CORAL INDEX: Close 482-487

INSURANCE BASE RATES

† Property Growth	10½%
† Vanbrugh Guaranteed	9.2%

† Address shown under Insurance and Property Bond Table.

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99⅝	98⅝	Exch. 5pc '76-78‡‡	99¼	+⅛	5.04	9.21
105⅛	101 1/16	Treasury 11½pc '79‡‡	101 3/16	.....	11.36	9.40
97	94¾	Treasury 3pc '79‡‡	95 1/16	.....	3.14	7.08
97⅞	95⅛	Electric 4½pc '74-79	96	+1/16	4.43	7.86
104 11/16	99⅞	Treasury 10½pc '79‡‡	100⅜	.....	10.46	10.09
96½	94¾	Electric 3½pc '76-79	95 13/16	.....	3.65	6.77
102⅛	96¼	Treasury 9pc 1980‡‡	98⅛	+⅛	9.17	10.27
102	97½	Treasury 9½pc '80‡‡	98 3/16	+1/16	9.64	10.35
95⅛	92½	Treasury 3½pc '77-80	94	+⅛	3.72	6.94
96½	93½	Funding 5½pc '78-80‡‡	94¼	.....	5.57	8.60
110¼	103 1/16	Exchequer 13pc 1980‡‡	104	−1/16	12.50	10.95
106¼	99⅞	Treasury 11½pc 1981‡‡	101	−1/16	11.39	11.00
91⅝	86¼	Treasury 3½pc 1979-81	90½xd	.....	3.88	7.83
101¼	95⅝	Treasury 9¾pc 1981‡‡	97 1/16	−1/16	10.05	11.01
97 3/16	91⅞	Exch. 8¼pc 1981	93⅞	−1/16	8.79	10.76
100¼	94¼	Exch. 9¾pc 1981	96⅛	−1/16	9.88	11.05
87 1/16	85⅝	Exch. 3pc 1981	86¼xd	.....	3.48	8.16
97⅛	95 11/16	Treas. Variable '81‡‡	95¾	.....	10.17	10.66
111	102⅝	Exch 12¾pc 1981‡‡	104 7/16	−1/16	12.21	11.07
99⅝	91⅜	Treas. 8½pc '80-82‡‡	93¾	−⅛	9.07	10.68
84 1/16	82⅞	Treasury 3pc '82‡‡	84 5/16	+1/16	3.55	8.08
115⅜	106¼	Treasury 14pc '82‡‡	107 15/16	−1/16	12.97	11.25
96⅛	94⅝	Treas. Variable '82‡‡	94 13/16	.....	10.29	11.46
96⅜	89⅞	Treasury 8¼pc '82	91 9/16	.....	9.01	10.93
100¼	91⅛	Exch. 9¼pc 1982	93¼	.....	9.92	11.30
94¼	91⅜	Exch. 9¼pc 1982 A	93¼	.....	9.92	11.32
96 13/16	89½	Exch. 8¾pc 1983	91¾	+1/16	9.54	11.13
85¼	79⅝	Exch 3pc '83	80 7/16xd	.....	3.73	8.22
114¼	100½	Treasury 12pc 1983‡‡	102⅜	.....	11.68	11.20
100⅛	89⅝	Treasury 9¼pc '83	92 11/16	−1/16	9.98	11.20
Five to Fifteen Years						
45⅛	43	Exch 10pc '83 (£45 pd.)●	45 1/16	−1/16	10.56	11.33
89⅝	80¾	Funding 5½pc '82-84‡‡	83	+⅛	6.64	9.60
95⅞	86⅛	Treasury 8¼pc '84-86‡‡	88¾	+⅛	9.62	10.70
87⅝	77¼	Funding 6½pc '85-87‡‡	80¼	+⅛	8.26	10.23
89⅝	79⅝	Treasury 7¾pc '85-88‡‡	81⅝xd	+⅛	9.49	10.90
68⅝	60⅛	Transport 3pc '78-88	64¼	+⅛	4.68	8.41
75⅛	64¼	Treasury 5pc '86-89	68	+⅛	7.51	10.02
115½	101⅝	Treasury 13pc 1990‡‡	105⅜	+⅛	12.38	12.17
89⅜	77½	Treasury 8¼pc '87-90‡‡	81⅛	+⅛	10.29	11.31
106½	92½	Treasury 11¾pc 1991	97⅛	+⅛	12.16	12.28
75⅛	63⅜	Funding 5¾pc '87-91‡‡	67⅜	+⅛	8.76	10.78
112⅛	95⅛	Treasury 12¾pc '92‡‡	102⅜xd	+⅛	12.47	12.40
96⅛	84⅞	Treasury 10pc 1992	85⅝xd	+⅛	11.58	12.07
113	97¼	Exch. 12¼pc '92	98⅛xd	+⅛	12.36	12.39
Over Fifteen Years						
110⅝	96⅛	Treasury 12½pc '93‡‡	100¾	+⅛	12.46	12.44
72½	60¾	Funding 6pc 1993‡‡	64⅜	+⅛	9.59	11.17
120¼	104½	Treasury 13¾pc 1993‡‡	109¾	+⅛	12.81	12.63
128⅞	112⅞	Treasury 14½pc '94‡‡	118	+⅛	12.93	12.68
114⅜	97¾	Exch. 12½pc 1994	99xd	+⅛	12.51	12.52
89⅞	76¾	Treasury 9pc '94‡‡	81¼	+⅛	11.32	11.85
106¼	93	Treasury 12pc '95	96⅞	+⅛	12.39	12.45
51⅝	43⅛	Gas 3pc '90-95	45¾	+⅛	6.66	9.69
95	82¾	Exch. 10¼pc 1995	86⅛	+⅛	11.92	12.22
114⅜	98⅝	Treasury 12¾pc '95‡‡	103⅞	+⅛	12.58	12.53
90⅛	76⅞	Treasury 9pc '92-96‡‡	81⅝	+⅛	11.49	11.97
131⅛	114½	Treasury 15¼pc '96‡‡	120¼	+⅛	13.06	12.82
117⅞	101⅝	Exchequer 13¼pc '96‡‡	107⅛	+⅛	12.68	12.59
50	42¼	Redemption 3pc 1986-96	44¾	+⅛	6.85	9.58
115¼	100⅞	Treasury 13¼pc '97‡‡	104⅝	+⅛	12.68	12.61
93⅛	85	Exchequer 10½pc 1997	86¼xd	+⅛	12.07	12.30
88⅛	74⅜	Treasury 8¾pc 1997‡‡	79¼	+⅛	11.55	12.01
73⅛	60	Treasury 6¾pc '95-98‡‡	63⅝	+⅛	10.88	11.71
135⅝	118¼	Treas. 15½pc '98‡‡	123⅞	+⅛	13.04	12.84
98⅛	93⅛	Exch. 12pc 1998	98¼	+⅛	12.51	12.54
90⅛	77⅛	Treasury 9½pc 1999‡‡	80⅞	+⅛	11.79	12.07
96⅛	83⅛	Treasury 10½pc 1999	88⅛	+⅛	12.19	12.35
42⅛	34¾	Funding 3½pc '99-04	36¾	+⅛	9.55	10.84
80⅞	67⅛	Treasury 8pc '02-06‡‡	70¼	+⅛	11.80	12.01
58⅛	47⅝	Treasury 5½pc '08-12‡‡	49⅜	+⅛	11.54	11.79
76⅞	62⅛	Treasury 7¾pc '12-15‡‡	65¼xd	+⅛	11.90	11.99
96⅝	93⅛	Exch. 12pc '13-17	96⅞	+⅛	12.48	12.48
Undated						
37⅛	30⅛	Consols 4pc	32¼xd	+⅛	12.38	—
37⅛	29¾	War Loan 3½pc‡‡	31⅛	+⅛	11.35	—
39⅛	33	Conv. 3½pc '61 Aft	35½	+⅛	10.18	—
28⅝	23⅝	Treasury 3pc '66 Aft	24⅞	.....	12.52	—
24⅛	19⅝	Consols 2½pc	20⅞	.....	12.06	—
24	19⅝	Treasury 2½pc	20⅞	.....	12.45	—

INTERNATIONAL BANK

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
88	82½	5pc Stock '77-82	84	+¼	5.95	9.87

CORPORATION LOANS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
98⅛	93¼	Birm'ham 9¾pc '79-81	94¼xd	+¼	9.80	11.51
94¼	88¾	Bristol 7¾pc '79-81	89	+¼	8.71	11.86
107	100¼	G.L.C. 12½pc '82	102¼	+½	12.25	11.72
112	100¼	Do. 12½pc 1983	101½xd	.....	12.25	11.94
97¼	90½	Glasgow 9¼pc '80-82	91½	.....	10.11	11.89
94	90¼	Herts. 5½pc '78-80	91¼	+½	5.75	10.63
99⅛	97⅜	Liverpool 5¾pc '76-78	99¼	.....	5.79	9.49
102⅛	90⅛	Do. 9¾pc '80-84	94½	.....	10.45	11.51
29⅛	25¼	Do. 3½pc Irred	26½	.....	12.56	—
99⅛	91	Lon. Corp. 9¾pc '84-85	93	.....	10.27	11.28
97¼	94¾	L.C.C. 6pc '76-79	95¾	.....	6.27	10.22
92½	84⅛	Do 5½pc '77-81	84¼	.....	6.44	11.11
87½	76½	Do 5½pc '82-84	79½	.....	6.93	10.19
69	65¾	Do. 5½pc '85-87	68½	.....	8.11	11.33
73	66	Do 6¾pc '88-90	68	+½	9.97	11.86
26½	22½	Do. 3pc '20 Aft	23½	+¼	13.22	—
93¼	91	Middx. 5¾pc 1980	92	+¼	5.71	10.64
99⅛	94¾	Newcastle 9¾pc '78-80	95¼	+¼	9.66	11.51
106¼	100¼	Warwick 12½% 1980	102	+½	12.25	11.41

COMMONWEALTH & AFRICAN LOANS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
100⅞	95⅛	Aust. 5½pc '75-78	100¾	+1/16	5.55	10.50
95¼	92⅛	Do 5¾pc '77-80	93¼	.....	5.89	10.53
88⅛	82¼	Do. 5½pc '81-82	84	.....	6.69	11.53
99⅛	96¼	N.Z. 4pc '76-78	98¼	.....	4.09	10.02
96⅛	92¼	Do 6pc '76-80	95	.....	6.48	11.91
87¼	81¼	Do. 7¾pc '83-86	82½	.....	9.18	10.03
95½	91	Sth. Africa 9½pc '79-81	95	−½	10.24	12.19
70	50	Sth. Rhod. 2½pc '65-70	54	−1	—	—
96	80	Do. 6pc '78-81	82	.....	—	—

LOANS

Public Board and Ind.

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
64½	58½	Agric. Mt. 5pc '59-89	61	.....	8.24	11.36
90½	80¼	Alcan 10½pc '89-94	82½	+½	13.09	13.50
33¾	26½	Met. Wtr. 3pc 'B'	29	.....	10.79	12.49
139	107	U.S.M.C. 9pc 1982	137	.....	6.57	—
95½	87	Do. without Warrants	90½	+1	10.23	12.90
Financial						
107¼	101	FFI 13pc 1981	102¾xd	+¼	12.65	11.68
110	102	Do. 14pc '79	104½	.....	13.83	13.10
114½	102½	Do. 14pc '83	106½	+½	13.31	12.63
85	79½	ICFC 5½pc Deb '80-82	82½	+¼	6.84	11.15
81½	73¾	Do. 6¼pc Db '81-84	76¾	.....	8.30	12.00
99	89½	Do. 10½pc Uns Ln. '86	93	.....	11.36	11.90
99¼	90½	Do 11pc Uns Ln. '88	93	.....	11.91	12.30
101½	92½	Do 11¾pc Uns Ln. '90	95½	+¼	12.42	12.60
71½	62½	Do 7½pc A Deb. '89-92	65	+¼	11.40	12.90
71½	62	Do 7½pc A Db. '91-94	65	+½	11.66	12.80
84½	73¼	Do 9pc 'A' '91-94	76½	.....	12.31	13.00
81¼	68	Do. 8½pc Ln. '92-97	69½xd	+½	12.95	13.70

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly	24	.....	—	—
40	33	Do. 5pc Pref	40	.....	—	—
93	93	Chilean Mixed	98xd	.....	—	13.10
415	350	German Yng. 4½pc	410	.....	4½	—
54	46	Greek 7pc Ass	54	.....	3½	f6.48
51	46	Do 6pc '28 Stab. Ass	51	.....	6	f6.00
44	40	Do 4pc Mixed Ass	43	.....	4	f4.65

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass	55	.....	4½	5.00
77	65	Iceland 6½pc '83-88	65	.....	—	12.60
88	82½	Ireland 7½pc '81-83	83	.....	7½	12.24
91	79	Do 9¾pc '91-96	83	.....	9¾	12.71
395	265	Japan 4pc '10 Ass	390	.....	—	—
87	68½	Do 6pc '83-88	69xd	.....	6	11.05
160	140	Peru Ass. 3pc	140	.....	3	2.16
75p	75p	S.G.I. 6½pc 1980	75pxd	.....	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	.....	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	.....	6½	10.70
97	94	Uruguay 3½pc	97	.....	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
19¼	13½	ASA	19	−¼	80c	—	2.4
60½	60½	AMF 5% Conv. '87	60½	.....	5%	—	—
31	22	Amax $1	29	−⅜	$1.75	—	3.4
32	21¾	American Express	28xd	−¾	$1.40	—	2.8
33½	11	Amer. Medic. Int.	21	−1	30c	—	0.8
15⅜	969p	Asarco Inc.	11⅜	−½	40c	—	2.0
29¾	18¾	Baker Intnl. Corp. $1	23¾	.....	64c	—	1.5
19¾	11⅞	Barnes Grp. $6⅔	17⅜	.....	90c	—	2.9
32⅞	22	Bendix Corp. $5	29¼	−⅝	$2.28	—	4.4
23½	13	Beth. Steel $8	18	−¾	$1.00	—	3.1
11⅞	625p	Brown'g Fer. c16⅔	10⅛	−⅛	40c	—	2.2
13½	857p	Brunswick Corpn.‖	11¾xd	−¼	70c	—	3.4
65	41⅞	Burroughs Corp. $5	56⅛	−⅜	$1.00	—	1.0
48	30½	CBS $2.50	42⅛	−⅝	$2.40	—	3.2
42⅝	28¼	C.P.C. $¼	38xd	−½	$2.50	—	3.7
48⅜	32¾	Caterpillar‖	44⅛xd	−⅞	$1.80	—	2.3
27¼	17⅞	Chase M'htn. $12.5	25¼xd	.....	$2.20	—	5.0
32	13⅝	Chesebrough $1	18½	−⅜	94c	—	2.9
11	765p	Chrysler $6¼	851p	−12	$1.00	—	6.6
21¼	13½	Citicorp $4	18⅝xd	−⅛	$1.06	—	3.4
14	733p	City Inv. $1.25	11¾	+⅛	$1.00	—	4.8
25	14⅜	Do. Cm. Pri. B $1	19	−⅛	$2	—	6.0
18¾	12¾	Colgate-P. $1	15¾xd	−¼	$1.00	—	3.6
31½	29	Colt Inds. $1	30xa	−⅜	$3.15	—	5.9
26	15½	Cont. Illinois $10	22⅝xd	−⅜	$1.32	—	3.3
25⅝	17	Cont. Oil $5	19⅞	−½	$1.40	—	4.0
28	20⅛	Crown Zell. $5	24¾	−⅞	$1.90	—	4.4
47⅛	20⅛	Cutler-Hammer $5	44¾	−⅜	♦$1.40	—	1.8
32½	22	Eaton Crp. $0.50	29⅞	−½	$2.25	—	4.2
26½	17¼	Esmark	22⅜	−¾	$1.84	—	4.6
40	28¾	Exxon ‖	34½	−¾	$3.20	—	5.2
12¼	670p	Firestone Tire ‖	10⅜xd	−⅜	$1.10	—	6.0
18¾	11¼	First Chicago	17	−⅛	$1.10	—	3.6
32⅜	20¾	Fluor Corp. $⅝	27xd	−½	$1.20	—	2.5
41¾	26⅝	Ford Motor $2	35⅝	−⅛	$3.20	—	5.1
25¼	16⅛	GATX	21	−⅛	$2.50	—	6.7
44⅝	29⅝	Gen. Elect. $2½	40⅝	−⅜	$2.20	—	3.1
24½	15⅛	Gillette $1	23⅛	−¼	$1.60	—	3.9
50	28	Honeywell $1.50	48⅛	+¼	$2.20	—	2.6
14½	750p	Hutton E.F.	12¼	−½	$0.68	—	3.1
224⅛	171	I.B.M. Corp. $5	210	−2	$11.52	—	2.7
52¼	34	Ingersoll-R $2	44⅞	−⅜	$3.00	—	3.8
21⅞	735p	Int. Systems & Con. $1	21⅛	−⅛	25c	—	0.7
976p	705p	I. U. International‖	900p	−12	90c	—	5.6
28	18	Kaiser Al. $⅓	25	−¼	$1.60	—	3.6
32	20	Manf. Han. US$7.50	27xd	−¼	$2.08	—	4.4
41⅛	26⅝	Morgan (JP) US$2.5	36	−¼	$2.20	—	3.5
17½	12	Norton Simon Inc. $1	14	−⅛	76c	—	2.9
18⅞	13⅛	Owens-Ill. $3.125	15⅞	−¼	$1.16	—	4.2
21⅛	14⅛	Quaker Oats US$5	18½	−½	$1.04	—	3.1
27¼	15⅛	Reliance $0.25	25	−⅛	15c	—	—
30¼	16¼	Rep. N.Y. Corp. $5	26½	−⅜	$1.00	—	2.4
17¼	11	Rexnord $5	14¼	−⅜	88c	—	3.5
22¾	14⅛	Richdsn.-Mrrll $1¼	20	−¼	90c	—	2.6
576p	255p	Saul (B. F.) $1	532p	+12	—	—	—
28⅞	18½	Shell Oil $1	24¼	−½	h$1.60	—	3.7
19⅝	11⅞	Singer ($10)	15	−½	60c	—	2.3
36¼	22⅝	Sperry Rand $0.50	33xd	−¾	$1.12	—	1.9
33½	18⅜	TRW Inc. $1¼	30	−½	$1.80	—	3.4
27⅛	18⅜	Tenneco	24¼	−¼	$2.00	—	4.7
161	131	Do 10% Ln. Stk. 91-95	151	.....	10%	—	f6.7
975p	505p	Tesoro Pt. US$0.16⅔	793p	−11	—	—	—
22	16⅞	Texaco $6.25	19⅞	−⅝	$2.00	—	5.7
40	22⅞	Time Inc.	33¼	−⅜	$1.50	—	2.6
13⅜	865p	Transamerica $1	12½xd	−¼	80c	—	3.6
38⅛	21¼	Utd. Tech. $US5	34¾	−⅛	$2.00	—	3.3
24½	17⅛	U.S. Steel $1	21⅜	−⅛	$1.60	—	4.2
17	11½	Woolworths $3½	14¾	+⅛	$1.40	—	5.4
46	28⅞	Xerox Corp. $1	42½	.....	$2.00	—	2.6
975p	385p	Xonics Inc. 10c	650p	−25	7½c	—	0.6
14	10⅞	Zapata Corp. 25c	12⅜	−¼	s30c	—	1.3

S.E. List Premium 48% (based on US$1.9268 per £)
Conversion factor 0.6788 (0.6589)

CANADIANS

1978 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
16⅝	10¼	Bk. Montreal $2	16⅛	−⅛	$1.12	—	3.2
16⅝	10½	Bk. Nova Scot.	14⅝xd	−⅛	96c	—	2.9
42⅞	30¼	Bell Canada $25	39½	−1¼	$4.2	—	5.0
23	12	Bow Valley‖	22⅛	−½	12½c	—	0.3
12⅛	825p	Brascan‖	10⅞xd	.....	$1.10	—	4.9
21⅜	14	Can. Imp. Bk. $2	19⅞xd	−½	$1.44	—	3.4
14⅝	955p	Can. Pacific $5	13 13/16xd	−⅛	97c	—	3.3
37½	30½	Do. 4pc Deb. £100	32xd	+⅝	4%	—	12.5
21⅞	16⅛	Gulf Oil Can.‖	19½	−¼	$1.14	—	2.7
630p	315p	Hawker Sid. Can.‖	530p	.....	40c	—	3.6
28⅛	16⅞	Hollinger $5	27⅛	−⅞	$2.06	—	3.5
16⅛	11¼	Hudson's Bay ‖	15⅜	+½	69c	—	2.0
32⅞	24⅞	Hud. B. Oil G. $2½	31⅝	−⅛	$1.60	—	2.4
14¾	11⅛	Imperial Oil‖	12⅞	−⅛	86.4c	—	3.1
15⅛	945p	Inco	12¼	−⅛	80c	—	3.0
830p	585p	Int. Nat. Gas $1	810p	−20	80c	—	4.7
10⅛	610p	Massey Ferg.‖	810p	−10	—	—	—
28⅞	21⅞	Pacific Pet. $1	27½	−⅜	91.6c	—	1.5
74p	50p	Place Gas $1	66p	−1	—	—	—
25	15	Rio Algom	24⅛	−⅝	$1.08	—	2.1
24⅛	14⅛	Royal Bk. Can. $2	23 13/16	−⅛	$1.50	—	3.0
20⅛	13⅛	Seagram Co. C$1	18⅛	−⅛	92c	—	2.3
14⅝	955p	Tor. Dom. Bk. $1	13 15/16	−⅛	80c	—	0.0
11⅛	880p	Trans Can. Pipe	11⅛	−⅛	103c	—	4.3

S.E. List Premium 48% (based on $2.1651 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
286	184	ANZ $A1	276	.....	†Q18c	—	3.7	—
293	210	Alexanders D. £1	242	.....	14.33	—	9.0	—
£135	£90½	Algemene Fl.100	£126	−4½	†Q23%	2.5	4.6	9.0
334	269	Allen Harvey £1	305	+10	h19.2	—	9.5	—
205	150	Allied Irish	205	+1	7.5	—	5.5	—
165	150	Arbuthnot L. £1	155	.....	10.08	—	9.9	—
£20½	£13¼	Bank Amer. $1.565	£18¾	−⅛	Q94c	—	2.8	—
403	315	Bk. Ireland £1	403	+8	15.00	—	5.6	—
£181	£137	Do. 10pc Conv.	£181	.....	Q10%	—	f5.6	—
21	15	Bk. Leumi I£1	18	.....	Q16%	—	2.9	—
170	150	Bk. Leumi (UK) £1	160	.....	7.36	1.5	7.1	14.0
575	380	Bk. N.S.W. $A2	555	−10	†Q30c	—	3.3	—
315	255	Bank Scotland £1	282	.....	10.89	3.6	5.9	7.2
£32⅛	£21⅞	Bankers N.Y. $10	£27⅞	−⅛	Q$3.00	—	6.1	—
358	296	Barclays £1	330	+2	13.08	5.3	6.0	5.6
230	200	Brown Shipley £1	230	+2	9.27	—	6.1	—
273	232	Cater Ryder £1	253	.....	h16.91	—	10.1	—
82	67	Clive Dis'nt 20p	77	.....	4.78	—	9.9	—
*230	171	Com'l Aus. ($A1)	210	−4	†Q16c	2.6	4.7	8.2
*£19	£12¾	Com'zbk DM 10	£17¾	−⅛	Q18%	—	2.6	—
£18⅛	£15	C'hgn Hbk Kr100	£17½	−½	Q12%	—	6.7	—
25	18	Corinthian 10p	24	.....	0.7	7.3	4.4	4.1
£24	£13¾	Cred. France F75	£23¼	−¼	Q9.87%	—	2.8	—
46	7	Dawes (G. R.)	17	.....	—	—	—	—
£123	£90	Deutsche Bank DM50	£114	−4	Q18%	—	2.1	—
83	58	F. C. Finance	75	.....	2.00	2.6	4.0	14.3
3⅛	1⅛	First Nat. 10p	2¼	.....	—	—	—	—
1	½	Do. Wrrts. 75-83	½	.....	—	—	—	—
12½	9½	Fraser Ans. 10p	9½	.....	—	—	—	—
196	157	Gerrard Natnl.	176	−1	8.17	—	7.0	—
50	37	Gibbs (A.)	48	+1	2.20	—	6.9	—
255	195	Gillett Bros. £1	222	.....	15.18	—	10.4	—
29	19	Goode D't Mry 5p	21	.....	0.13	—	0.9	—
123	96	Grindlays	123	+3	2.75	7.2	3.4	4.3
260	185	Guinness Peat	238	.....	†10.0	—	6.4	—
217	155	Hambros	170xd	+3	9.61	—	8.6	—
100	81	Hill Samuel	93	.....	4.90	—	8.0	—
600	325	Do. Warrants	375	+25	—	—	—	—
347	203	Hong Shng $2.50	325	−1	hQ59c	—	2.1	—
69	52	Jessel Toynbee	57	+1	h3.27	—	8.7	—
215	160	Joseph (Leo) £1	210	.....	8.61	—	6.2	—
52	37	Keyser Ullmann	52	.....	0.66	—	1.9	—

BANKS & HP—Continued

1978 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
74	56	King & Shax 20p	58	.....	3.39	—	8.8	—
114	90	Kleinwort B.L.	99	.....	4.12	—	6.3	—
297	242	Lloyds £1	263xd	+1	†9.09	4.8	5.2	5.9
50½	42	Manson Fin. 20p	47	.....	g3.07	ϕ	10.3	ϕ
134	105	Mercury Secs.	111xd	.....	3.73	—	5.1	—
*390	330	Midland £1	365	.....	14.75	4.3	6.1	5.7
£92	£78	Do. 7½% 83-93	£83½	+½	Q7½%	21.1	f9.2	—
£95¼	£82½	Do. 10¼% 93-98	£86½	.....	Q10¼%	21.1	e12.9	—
64½	56	Minster Assets	62½	−½	3.55	2.5	8.6	7.1
235	172	Nat. Bk. Aust. $A1	220	+3	†Q14c	ϕ	4.1	ϕ
81	66	Nat. Com. Grp.	72	.....	†2.63	4.6	5.5	5.9
298	250	Nat. West. £1	273	−5	†11.66	4.2	6.5	5.5
445	350	Schroders £1	400	−5	11.55	—	4.4	—
255	190	Seccombe M.C. £1	215	.....	13.34	—	9.4	—
92	70	Smith St. Aub.	76	.....	5.01	—	10.0	—
427	378	Stand'd Chart £1	405	+3	19.35	q3.4	7.2	5.1
$9	8¼	Trade Dev. $1.50	$9	.....	Q55c	3.2	6.1	5.2
356	290	Union Disc £1	310xd	.....	h15.81	—	7.7	—
48	32	U.D.T.	43	−1	—	—	—	12.7
£24	£15¾	Wells Fargo $5	£21⅛	−⅛	$1.40	—	3.7	—
70	60	Wintrust 20p	69	−1	3.03	—	6.9	—
Hire Purchase, etc.								
41½	31½	Cattle's (Hdgs) 10p	41	+½	d2.20	2.0	8.1	9.2
£61½	£35	Cie Bcre Fr.100	£60¼	.....	Q12%	—	2.5	—
8	8	Credit Data 10p	8¢	.....	—	—	—	—
111	85	Lloyds & Scot. 20p	99	+1	†3.95	2.4	6.0	10.5
43	30	Lnd. Scot. Fin. 10p	36	.....	g1.87	3.0	7.9	5.5
14	8	Moorgate Merc. 10p	10	.....	—	—	—	18.1
104	85	Prov. Financial	104	+1	4.87	2.3	7.1	9.3
33½	23	Strlg. Credit 10p	27	.....	b†1.5	2.3	7.3	(7.4)
20½	10½	Sturla Hldgs. 10p	16	+½	—	—	—	—
48½	38	Wagon Finance	44	.....	h2.06	2.3	7.1	4.6

BEERS, WINES AND SPIRITS

1978 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
94	78	Allied Brews.	86	.....	†3.93	2.1	6.9	10.6
46	30	Amal. Dist. Pr. 10p	37	+1	m0.25	—	1.0	—
171	137	Bass Charr'gton	163	+2	†4.84	3.3	4.5	10.0
258	196	Bell Arthur 50p	252	.....	b4.78	3.5	2.9	15.2
51	37	Belhaven Brewery	46	.....	—	—	—	—
111	92	Boddingtons	104	−1	h2.61	2.5	3.8	14.5
78	66	Border Brew's	76	.....	3.50	2.0	7.0	10.8
122	100	Brown (Matthew)	114	.....	†3.92	2.4	5.2	12.2
51	40	Buckley's Brew.	47	+1	1.79	2.5	5.8	9.9
157	114½	Bulmer H.P.	123xd	.....	6.6	ϕ	7.8	ϕ
160	140	Burtonwood	158xd	.....	3.4	ϕ	3.3	ϕ

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

1978 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
*60	45	Brit. Tar Prd. 10p	60	.....	t2.08	2.6	5.2	13.0
14¾	10½	Burrell 5p	12½	.....	0.92	0.9	11.2	(15.9)
41	27	Carless Capel 10p	32	.....	0.92	ϕ	4.4	ϕ
49	44	Catalin	45	.....	2.86	1.9	9.6	8.4
£95	£89	CibaG'gy 7¾% Ln	£90	.....	Q7¾	ϕ	f8.1	—
£99	£89½	Do. 8% Cnv. 81-94	£90½	+½	Q8%	ϕ	f9.1	—
£98½	£89½	Do. 8¾% Cnv. 82/95	£90	+½	Q8¾%	ϕ	f9.5	—
79	64	Coalite Chem.	70	.....	2.78	4.7	6.0	5.4
75	59	Coates Bros.	74	.....	2.32	3.8	4.8	8.4
74	57	Do. 'A' NV	73	.....	2.32	3.8	4.8	8.3
26	19½	Cory (Horace) 5p	26	+½	0.67	5.3	3.9	6.9
60½	43½	Croda Int. 10p	56	.....	2.19	3.1	5.9	6.7
*31¼	16	Crystalate 5p	28½	+1	t0.66	6.2	3.5	8.7
57	42	Enalon Plastics	42	.....	4.51	1.0	16.3	10.0
58	36	Farm Feed	58	.....	0.66	ϕ	1.7	ϕ

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MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	173	-7	Q50c	1.3	24.7
24	15	Rhod'n Corp 16½p	17	-1	0.56	7.1	5.0
80	52	Roan Cons. K4	67		—	—	—
175	122	Tanganyika 50p	162		Q10.0	1.2	6.2
90	78	Do Pref 80p	87		Q9%	16.3	3.3
41	32	Wankie Col. Rh1	37	-1	tQ7½c	1.4	17.3
16½	10	Zam Cpr SBD0.24	13½	-½	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	14		—	—	—
132	64	Bougainville 50 Toea	123	-5	Q8c	1.4	4.1
125	63	BH South 50c	109	-2	—	—	—
820	150	Central Pacific	550		—	—	—
254	148	Conzinc Riotinto 50c	250	-4	Q10c	2.2	2.5
72	45	G. M. Kalgoorlie $1	57	-1	—	—	—
43	18	Haoma Gold N.L.	43	+1	—	—	—
140	81	Hampton Areas 5p	134	-1	t3.5	2.0	4.0
40	10	Metals Ex. 50c	29½	-½	—	—	—
220	125	M.I.M. Hldgs. 50c	202	-3	Q9c	1.7	2.8
39	30	Mount Lyell 25c	29	-1	—	—	—
6½	1½	Newmetal 10c	4	-½	—	—	—
143	79	North B. Hill 50c	122	-2	Q8c	1.5	4.0
16	8½	Nth. Kalgurli	13½	-½	—	—	—
34	12	Nth West Mining	32	+2	—	—	—
178	117	Oakbridge $A1	168		tQ11c	1.9	4.1
50	30	Pacific Copper	50		—	—	—
£14¼	750	Pancont'l 25c	£14		—	—	—
40	12	Paringa M&E 5p	28	-3½	—	—	—
543	310	Peko-Wallsend 50c	543	-3	Q15c	4.0	1.7
300	50	Southern Pacific	220		—	—	—
160	84	Westn. Mining 50c	136	-4	tQ6c	1.4	‡
70	35	Whim Creek 20c	50	-5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	24		t2.51	1.6	15.9
400	240	Ayer Hitam $M1	367	-3	[illegible]	0.9	‡
60	45	Beralt Tin	52		3.75	4.4	11.5
300	200	Berjuntai $M1	285		Q170c	ϕ	5.3
145	111	Geevor	135		h4.51	3.4	5.1
10	8½	Gold & Base 12½p	9½		—	—	—
300	220	Gopeng Cons.	295		15.0	0.9	7.8
165	130	Hongkong	160		—		—
93	78	Idris 10p	85xd		t12.0	1.6	‡
11	9	Jantar 12½p	9		—	—	—
77	68	Kamunting $M0.50	75		[illegible]	0.7	4.4
510	450	Killinghall	470		Q125	ϕ	26.7
415	280	Malay Dredging $M1	400		tQ95c	0.8	5.1
73	40	♦Pahang	69		tQ3.75c	0.5	‡
62	50	Pengkalen 10p	50		6.5	1.3	17.0
235	165	Petaling $M1	230	-5	tQ82c	1.6	8.0
61	49	Saint Piran	54	-1	t1.99	4.6	5.6
62	47	South Crofty 10p	51	-1	4.13	2.0	12.3
220	140	South Kinta $M0.50	205		tQ77.5c	1.4	8.2
330	230	Sthn Malayan $M1	310		tQ121.5c	1.1	9.2
228	134	Sungei Besi $M1	210		Q65c	ϕ	6.6
78	55	Supreme Corp. $M1	78		ZQ10c	—	2.8
100	85	Tanjong 15p	98xd		6.5	0.8	11.2
100	74	Tongkah Hrbr $M1	92		[illegible]	1.6	‡
233	148	Tronoh $M1	223		ZQ88c	1.6	8.5

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	88	-2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	53	-1	—	—	—
17	9	Burma Mines 17½p	14		—	—	—
300	220	Cons. Murch. 10c	220	-10	‡Q30c	2.6	‡
465	245	Northgate C$1	375	-25	—	—	—
234	164	R.T.Z.	222	+2	9.5	2.8	6.5
90	30	Sabina Inds. C$1	59	+1	—	—	—
£12	750	Tara Explm. $1	819	-56	—	—	—
45	43	Tehidy Minerals 10p	45		1.33	ϕ	4.5
180	120	Yukon Cons. C$1	166	-2	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♠ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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Ash Spinning	42	
Bertam	21	
Bdg'wtr Est 50p	290	+3
Clover Croft	26	
Craig & Rose £1	480	
Dyson (R. A.) A	38	
Ellis & McHdy	61	
Evered	16½	
Fife Forge	50	
Finlay Pkg. 5p	22	-1½
Graig Ship. £1	130	
Higsons Brew	75	-2
I.O.M. Stm. £1	154	+4
Holt (Jos.) 25p	263	
N'thn. Goldsmith	56	
Pearce (C. H.)	182	
Peel Mills	20	
Sheffield Brick	45	
Sheff. Refrshmt	58xd	
Sindall (Wm.)	105	

IRISH

Conv. 9% '80/82	£92½	+¼
Alliance Gas	65	
Arnott	350	+5
Carroll (P. J.)	99	
Clondalkin	98	
Concrete Prods	140	
Heiton (Hldgs.)	46	+4
Ins. Corp	160	
Irish Ropes	130	
Jacob	65	
Sunbeam	30	-2
T.M.G.	185	+10
Unidare	95	

OPTIONS
3-month Call Rates

Industrials

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Babcock	11
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Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lots"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West Bank	22
Do. Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intreuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼

Oils

Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES
Wednesday July 26 1978

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Canadian transfer surprises market

BY ERIC SHORT

THE EEC's largest mutual life company, Standard Life Assurance, is to transfer its Canadian business to Manufacturers Life Insurance in a deal involving C$1.5bn (£690m) assets. Standard Life will, however, receive no payment from the Canadian company.

The move ends 150 years of Standard Life in Canada, and has taken the market by surprise, despite problems known to be facing some life companies operating in Quebec. Standard Life was based in Montreal.

Mr. David Donald, general manager and company actuary, said yesterday that difficulties arising from Quebec law were only one of the reasons Standard Life was quitting Canada.

The Canadian business portfolio was out of balance following a rapid expansion of company pension business. An expansion of the individual life business to correct this had proved difficult, said Mr. Donald.

He pointed out that the variety of regulation governing life assurance operations in different countries had made it difficult for the company to maintain equity between its policyholders. There was a real possibility of UK policyholders subsidising Canadian business or business in Canada being cut back. The approach from Manufacturers Life was "a miracle," he claimed because it offered the ideal solution to the problems.

Manufacturers Life has recently expanded its business outside Canada and was seeking means of reinforcing its home operations particularly in Quebec, where its coverage is weak. Under the terms of transfer, Standard Life policyholders have their bonus rates guaranteed for the next five years on 1978 scales. The staff and agents of Standard Life are guaranteed employment for two years, subject to satisfactory performance.

The transfer of C$1.5bn assets is sufficient to cover the existing liabilities together with the bonus guarantees. This will leave C$200m of surplus assets which Standard Life is retaining for its UK and Republic of Ireland policyholders. Mr. Donald said this represented a reasonable return on the C$50m the company invested in Canada 20 years ago. He reaffirmed that the company was still growing and added that there were excellent opportunities for expansion in the UK.

Mr. Sydney Jackson, president of Manufacturers Life, described the deal as an ideal means for his company to expand in Canada. Its organisation in Quebec was almost completely Francophone and the company fully complied with the language legislation. But he warned that the desired level of integration of the two operations would take at least five years.

ULTRAMAR, the London-based oil group, is negotiating to buy Shell subsidiary Canadian Fuel Marketers at an estimated cost of £25m to £50m. The deal will be subject to the agreement of the Treasury, the Bank of England and the Canadian Foreign Investment Review Agency. **Page 16**

French air controllers step up disruption

BY MICHAEL DONNE, IN LONDON, AND ROBERT MAUTHNER, IN PARIS

A MAJOR disruption of air services throughout Europe seems certain this weekend, following a decision in Paris yesterday by all French air traffic controllers to work to rule nation-wide from Friday in support of a claim for better pay and conditions.

The long delays and disruptions to flights in the past two weekends, stemming from the work-to-rule by the controllers in the Bordeaux "flight information region," through which aircraft pass to and from Spain, North Africa and the Western Mediterranean, will become worse as they will now be joined by controllers in the Paris, Brest and Aix-en-Provence (Marseilles) regions, covering the whole of France.

This means that not only flights to and from Paris but also those passing across Northern France to and from Central Europe, the Eastern Mediterranean, the Middle East and beyond will be affected. Flights passing from cities in Northern Europe, such as West Germany, to the Mediterranean will be hit, too.

With more than 2,000 flights scheduled for this weekend into and out of the UK alone, long delays are likely as the French controllers limit the number of flights they permit per hour through their air-space.

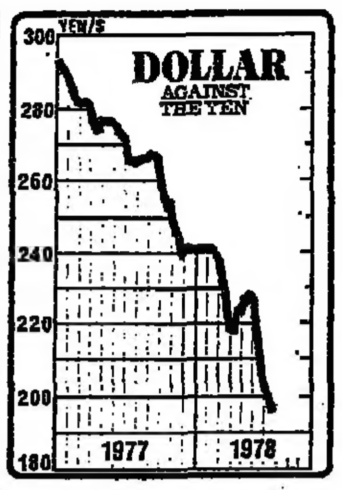
Last weekend, up to 16 flights an hour were being allowed through Bordeaux airspace. The previous weekend, only four flights an hour were permitted. There is no indication of the numbers likely to be allowed this weekend, but the fact that Bordeaux is being joined by Paris, Brest and Marseilles means that the effects will be worse.

The work-to-rule is to begin at 05.00 GMT on Friday and will continue until Monday morning. The controllers will meet again in Paris next week to decide whether to repeat their action.

There is little the UK Civil Aviation Authority, airlines or holiday organisers can do to help passengers. Last weekend, airport authorities brought in extra catering and seating at airports to ease the strain for thousands of holidaymakers waiting for flights.

Similar efforts will be made this weekend to make life more tolerable for those leaving the UK for European and Mediterranean destinations. Transatlantic flights, which are handled by the London, Scottish, Shannon and "Shanwick" Oceanic control regions, will not be affected. Nor will UK internal flights.

But airlines and tour organisers are stressing that passengers should turn up for their flights as usual, just in case they are lucky enough to get a "slot" from the French controllers, enabling their aircraft to leave either on or near the scheduled time.



$ again falls against yen

By Peter Riddell, Economics Correspondent

THE DOLLAR again fell sharply against the Japanese yen yesterday but recovered some of the ground lost on Monday against European currencies.

The main weakness was again at the start in Tokyo. The dollar slipped to a new low of Y195.30 before closing at Y195.52½ for a fall on the day of nearly Y3.5. Trading was heavy as dealers reported concern ahead of the U.S. trade figures, due today.

The dollar was somewhat stronger when European markets opened, although it eased again in New York trading following speculation about the OECD report on the U.S. economy.

The U.S. currency rose to 2.0550 against the D-mark before closing at DM2.0465, only fractionally higher than on Monday.

These fluctuations were reflected in the bullion market where the gold price at one stage fell to $193½ before picking up in response to the late weakness of the dollar to close $¼ down on the day at $194¼.

Sterling, which had been particularly strong on Monday, eased slightly yesterday to finish 10 points down at $1.9265, after a high of $1.9350. The trade-weighted index closed 0.2 down at 62.8.

The recent strong performance of sterling is continuing to boost gilt-edged prices and there were increases of ½ in long-dated stock. The authorities activated the near-medium tap, Exchequer 10 per cent, 1983, and the market interpreted this as an indication of a desire to restrain prices for the moment.

Consequently speculation about a possible cut in Minimum Lending Rate this week has died down.

A new long tap stock to replace the one exhausted on Monday is expected to be announced on Friday.

Britain put under pressure in fishing policy deadlock

BY MARGARET VAN HATTEM

BRUSSELS, July 25.

WEST GERMANY has begun a campaign to push Britain into line with its eight EEC partners in the deadlocked negotiations for a common fisheries policy.

Though internal Community policy was not on the agenda of the Council of Fisheries Ministers, there was little doubt over the aim of the German attempt to bring in majority voting, and push through measures overriding British opposition.

After the meeting, Herr Josef Ertl, the German Fisheries Minister who was acting for the first time as council president, said if Britain continued to block "fundamental decisions in fisheries policy," the matter should be referred to heads of EEC governments due to meet in December.

"If the President of the Commission (Mr. Roy Jenkins) wants to go to member governments on this issue, he will have my entire support," he added. "It is time for a political decision."

The question of majority voting, which dominated this week's meeting, is provided for in article 43 of the Treaty of Rome. The matter did not, in fact, come to a head since Britain consented to eight regulations pushed through today. On the issue Britain was not prepared to give way on—the question of formal fishing agreements with third countries—Mr. John Silkin, Agriculture Minister, said it was a matter of "vital national interest" and received the reluctant backing of France.

This deprived the Council of the qualified majority needed to proceed with the vote, which has been postponed until the next Council meeting in September.

Though Mr. Silkin managed to slip through the legal nets laid by Herr Ertl, avoiding the issue of majority voting, he had to assent to a vote being taken on certain subsidiary measures included in the Commission's proposals for a common policy. Until this week he had insisted that none could be decided outside the context of the fisheries policy as a whole.

Though none of the measures agreed this week is major—they include relatively small allocations of EEC funds for policing Irish and Danish waters and for the extension of temporary arrangements with third countries—the Germans and other delegations regard this as an important step towards breaking down the British position.

But since Community institutions go into recess during August and the next Council meeting is scheduled for late September, Britain has two months' breathing space.

The UK also appears to have escaped censure—at least temporarily—over the unilateral conservation measures announced last month, including a ban on herring fishing off most of the west coast of Scotland and an extension of the Norway pout-box area, where industrial fishing is now banned.

NatWest margins eroded

BY CHRISTINE MOIR

AN INCREASE in volume, largely outside the domestic banking field, and a technical reduction in provisions against bad debts, enabled National Westminster Bank to offset increased costs and eroded margins in the first six months of the year.

Yesterday, the bank announced pre-tax profits of £108.6m, which were within a whisker of the figures for the comparable period last year though they represented an 8 per cent drop from the second half.

Last week, Lloyds Bank reported figures reflecting a 15 per cent drop from the first six months of last year.

The Stock Market at first welcomed National Westminster's news but by the end of the day the share price had slid back to 273p, a net 5p fall on the day.

The pre-tax figures included a £15m credit related to provisions against bad debts. Mr. Robert Leigh-Pemberton, the chairman, explained that this arose because the level of actual provisions needed was less than the total allowed for, based on a five-year rolling average formula.

He emphasised that the £15m related to the improved position regarding provisions this year.

The group had no worries over its shipping loans and its property loan portfolio was also reducing steadily, he said.

Trading profits were £90m compared with £96m for the period to June 1977. Although profits from international and banking-related business had been satisfactory, average base rates in the home market had declined by about a third between the two periods, and margins had been eroded from 3.98 per cent to 3.41 per cent.

The chairman now hoped, however, that margins had bottomed out.

Although lending to UK manufacturing companies had begun to increase slightly, actual utilisation by companies of their loan facilities was still at a "disappointingly low level."

Mr. Leigh-Pemberton would not predict profits for the year although he expected a "modest benefit" from the increases in banking charges which have applied since the beginning of the month.

Leyland corruption trivial—Ryder

FINANCIAL TIMES REPORTER

CASES of corrupt payments at British Leyland were found by Lord Ryder, former chairman of the National Enterprise Board, when he investigated claims that the company operated a "slush fund," he told a London court yesterday.

However, they were few in number and trivial. He discovered no evidence to uphold the allegation that millions of pounds were being paid in bribes.

Lord Ryder, who prepared a report for the Government after allegations of bribery by British Leyland were made in the Daily Mail, had told the Old Bailey jury at an earlier stage in the trial that no "slush fund" was operated.

Recalled to the witness box yesterday, he said: "I sense the suggestion that this investigation was not thorough. I think this report makes it abundantly clear that we went to extremes of nit-picking."

He stressed that in preparing the report he had been unable to find evidence to substantiate the allegation of "mythical millions of pounds" being paid in bribes.

However, it was recommended that some minor items required further investigation. There were four or five, all comparatively trivial, which he had not been able to trace "right down to the bottom."

Mr. William Howard, QC, defending, asked: "You told this jury: 'We found no evidence of corrupt practices.' Do you adhere to that answer or do you wish to change it?"

Lord Ryder replied: "We found no cases of corrupt practices in that report." He added: "Leyland wrote to us informing us that the cases we had asked them to investigate further, these comparatively trivial cases, in the terms that we defined as being corrupt payments, were so."

Mr. Graham Barton, a 34-year-old former British Leyland financial executive, and his wife Fatima, 32, of Hounslow, Middlesex, deny between them a total of five charges.

These arise from the alleged forging of copies of two letters to British Leyland—one purporting to be from Lord Ryder and the other from the Bank of England—and use of the documents to obtain £15,000 from the Daily Mail.

Mr. Howard asked Lord Ryder what he, as a businessman, understood corrupt payments to be.

Lord Ryder replied: "If an agent or representative says he cannot operate on a 7½ per cent discount and needs 10 per cent and the company agrees that would be fair."

It would be different if he wanted 2½ per cent extra "to grease the palm of a government official." The company would be engaged in corrupt practices if it knowingly supplied the agent with money to do such a thing.

Mr. Howard: "You did not investigate commission payments to people who were not public servants o rholders of public office?"

Lord Ryder: "We tried to establish that all commission payments were to accredited agents, representatives of people entitled to them, and British Leyland gave us every cooperation."

Referring to the letter which is the subject of the trial, Lord Ryder said that there was not a word of truth in it.

At no time under any circumstance had he written, caused it to be written or suggested that such a letter be written.

Lord Ryder agreed that he had been investigating the truth or otherwise of allegations made in the Daily Mail.

The trial was adjourned until today when Lord Ryder will continue his evidence.

Continued from Page 1

Banking Bill

to 75 per cent of the first £10,000 of any deposit.

The Government has limited the compensation offered in order to retain an incentive for depositors to exercise prudence in investing their money.

The Government is hoping that it will be possible to bring the new legislation, which follows the outline White Paper published nearly two years ago, forward during the next Parliamentary session. This, however, is clearly subject to the availability of time as well as to the likelihood of a general election.

Under the licensing provisions it is thought that about 600 to 700 institutions may come under the Bank's supervision. Building societies are excepted from the rules although further discussions are being held about the arrangements needed to bring them within the Common Market regulations.

The Bill sets up a two-tier structure. Recognised banks would be exempted from the licensing provisions and allowed to use the name "bank." Other institutions, of which it is thought there could be about 200 to 300, would require licences from the Bank. Decisions by the Bank would be subject to appeal.

The Government has invited comments on the proposals, and it is likely that the banks and finance houses will continue to pursue their particular arguments.

FT Share Information Service

RECENT company dividend announcements have been based on the tax rate amended to 33 per cent in the latest Finance Bill.

For purposes of comparison, these dividends have been grossed up at the previous 34 per cent rate of tax in the FT Share Information Service.

From today, all net dividends of UK companies in the service have been adjusted to the current tax rate to maintain conformity.

Gross dividends and yields are unaffected except for preference shares. Net payments in these cases have been grossed up at the new rate before calculating the yields.

Weather

UK TODAY

SHOWERS, sunny intervals.

London, SE England, East Anglia
Rain or drizzle. Max. 21C (70F).

Cent. S., E., Cent. N. and N. England, Midlands E. and W., Channel Islands, Borders, Edinburgh, Dundee, Aberdeen
Rain, heavy at times. Max. 20C (68F).

S.W. and N.W. England, S. and N. Wales, Lake District
Rain at first. Max. 18C (64F).

Isle of Man, S.W. Scotland, Glasgow, N. Ireland
Sunny intervals. Max. 18C (64F).

Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll, Orkney, Shetland
Mainly cloudy. Max. 15C (59F).

Outlook: Further rain.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amsterdm.	S	20	68	Luxembrg.	F	22	71
Athens	S	28	82	Madrid	S	33	91
Bahrain	S	37	99	Manchestr.	F	17	63
Barcelona	S	27	81	Melbourne	C	10	50
Beirut	S	29	84	Milan	F	27	81
Belfast	C	15	59	Montreal	S	25	77
Belgrade	F	23	73	Moscow	R	14	57
Berlin	F	24	75	Munich	S	24	75
Birmghm.	F	19	66	Newcastle	C	17	63
Bristol	C	19	66	New York	C	23	73
Brussels	F	20	68	Oslo	C	19	66
Budapest	F	24	75	Paris	F	23	73
B. Aires	C	15	59	Perth	F	12	54
Cairo	S	35	94	Prague	F	25	77
Cardiff	C	17	63	Reykjavik	C	13	55
Chicago	S	24	75	Rio de J'o	S	31	88
Cologne	C	21	70	Rome	S	28	82
Copnhagn.	C	17	63	Singapore	S	30	86
Dublin	R	14	57	Stockholm	C	21	70
Edinbrgh.	C	17	63	Strasbrg.	F	26	79
Frankfurt	C	23	77	Sydney	F	15	59
Geneva	F	25	77	Tehran	S	32	90
Glasgow	C	15	59	Tel Aviv	S	27	81
Helsinki	F	21	70	Tokyo	S	36	99
H. Kong	C	29	84	Toronto	S	23	73
Jo'burg	S	20	68	Vienna	F	30	86
Lisbon	S	28	82	Warsaw	F	22	71
London	S	21	70	Zurich	F	24	75

HOLIDAY RESORTS

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Ajaccio	S	25	77	Jersey	S	18	64
Algiers	S	32	90	Las Plms.	S	32	90
Biarritz	F	25	77	Locarno	F	25	77
Blackpool	C	18	64	Majorca	S	30	86
Bordeaux	F	24	75	Malaga	S	27	81
Boulogne	F	17	63	Malta	S	28	82
Casablnca.	S	25	77	Nairobi	C	20	68
Cape Town	S	17	63	Naples	S	28	82
Corfu	S	28	82	Nice	S	24	75
Dubrovnik	S	24	75	Oporto	S	21	70
Faro	S	26	79	Rhodes	S	28	82
Florence	S	30	86	Salzburg	S	24	75
Funchal	F	25	77	Tangier	S	34	93
Gibraltar	S	25	77	Tenerife	S	32	90
Guernsey	C	16	61	Tunis	S	27	81
Innsbruck	F	26	79	Valencia	S	28	82
Inverness	C	15	59	Venice	F	26	79

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

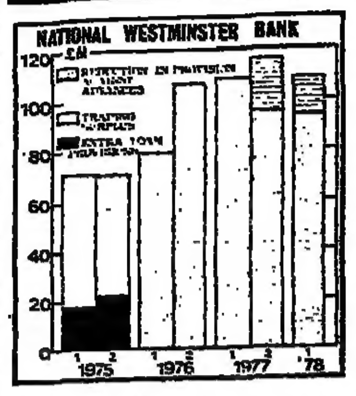
NatWest's profits mark time

Index rose 1.5 to 485.4

National Westminster's interim pre-tax profits of £108.6m are virtually unchanged from last year which, when set against a 15 per cent decline at Lloyds Bank, looks a reasonable outturn. However, the profits have been struck after crediting a £15m reduction in provision against advances. The bank is at pains to point out that this extra £15m was "earned during the half year" and not clawed back from a fund accumulated earlier. But still the suspicion persists that this figure is influenced by an element of bad debt recovery and until the banks start to disclose movements in their bad debt provisions this uncertainty will continue. As it is further reductions in provisions against advances will probably continue to appear for another 18 months.

The overall experience does not see mto have differed very much from Lloyds'. The balance sheet grew by 10-15 per cent and the proportion of total profits coming from the international side increased, as did the amount coming from related banking services. A £6.6m jump in the profits from Lombard North Central obviously helped the latter. Meanwhile, domestic banking profits, which normally account for around 60 per cent of the total, fell.

In the current half year, NatWest will benefit from markedly higher net interest revenues and increased bank charges will also have a "modest" positive impact so profits should top last year's £227.6m. However, the big uncertainty remains the international side which by the year end could account for maybe 45 per cent of the loan portfolio. So far NatWest has been able to offset the impact of declining margins by increasing its international lending volume, but there is a limit to how long this can continue. At 273p the shares yield just over 6 per cent.



Standard Life

For a mutual life assurance company, especially, a canny Scottish institution, profitability is far more important than size. This is the simple explanation of why Standard Life is proposing to withdraw from Canada—a move which involves handing over assets of $1½bn, or a third of its balance sheet total, to a domestic company.

Whereas Standard's life and pension business is split roughly 50:50 in the UK, the proportions in Canada are nearer 20:80. The life side is small, expensive and tricky to expand: the pension side produces low margin business which requires high capital backing to make it secure. In addition to a lopsided portfolio, Standard has had to cope with a lot more Government intervention in the insurance business in Canada than it does in the UK, and the politics of Quebec have also played a part in its decision. The province accounts for about a fifth of its business in Canada, and its headquarters are in Montreal.

After transferring its liabilities and their matching assets to Manufacturers Life Insurance Company, Standard will be left with net assets of perhaps $200m to $250m. This it regards as a legitimate reward for its UK policyholders for their investment over the years. If only proprietary companies (and not just in the insurance sector) were subject to this kind of discipline.

Taylor Woodrow

Behind the figures lies some depressing news about conditions in the international contracting business. New orders remain very difficult to come by in the UK, while the picture in overseas markets (particularly the Middle East) is one of increasing competitiveness and fewer jumbo orders. So the group's overall order book has probably fallen further to around £500m.

The particular problem facing Taylor Woodrow is to find sufficient work over the next year or so to replace the contracts for the Dubai dry dock (value £220m plus) and Port Rashid (value £130m plus)—both of which should be completed by the end of 1979. Apparently Taylor Woodrow still looks to the Middle East area in general for much of this replacement work. But it will also be putting a lot of effort into U.S. expansion, where it sees opportunities in both the housebuilding and coal mining areas.

More immediately, the good news is that all seems to be going well on the two big middle east contracts and profits—which Taylor Woodrow says it has only nibbled at so far—should balloon in 1979. Guesses for the current year are for pre-tax profits of between £24 and £26m against £22.4m for 1977, with maybe £30m next year. But for now the shares do not look cheap on a prospective fully taxed p/e of around 8, and the 3 per cent yield.

Davy Int.

Davy International's profits are £6.6m higher at £25.4m—and they might have been roughly £2m higher still if recent acquisitions had matched initial hopes. But Head Wrightson has hit trouble with its foundries, which knocked up a loss of £343,000, and Herbert Morris has also been a bit below par. The market was disappointed, and the shares fell 8p to 262p on the day.

Excluding the acquisitions profits are £2.8m higher at £21m. Germany has been a weak spot, with losses arising on Zimmer's synthetic fibre technology and one or two gaps appearing in the workload elsewhere. Overall, Davy has maintained its order book at around £1.2bn, and says that the sluggish world economy is not forcing it towards fixed price jobs or making customers less willing to commit cash in advance. The balance sheet remains highly liquid, and shareholders' funds together with deferred tax have risen by more than a third to £82m.

However the period of explosive profits growth seems to be over. A couple of very large contracts may start to make their mark on profits this year, and Head Wrightson—foundries apart—should be doing progressively better. But the somewhat hesitant tone of the chairman's statement is reflected in the share price with a yield of 8¼ per cent and fully taxed p/e of about 7½.

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